



# Quarterly Financial Report – Data Quality Checks

This guidance helps aged care providers identify possible issues with direct care labour data submitted in the Quarterly Financial Report (QFR).

If you have received a request from the Department of Health and Aged Care (the department) to review your submitted data in the QFR, this guidance will help you understand the department's questions. It also advises issues to consider in your review.

The department's Data Quality Checks process for the QFR focuses on the direct care elements that impact the calculation of [care minutes](#) used for [Star Ratings](#). Other care categories such as lifestyle and allied health may also be considered as part of the quality checks.

## Guidance

### 1. Care Minutes Validations

#### Direct Care Minutes per resident per claim day

The Staffing Star Rating for residential aged care homes relies on the direct care labour hours and occupied bed days submitted in the QFR for the calculation of care minutes. It is important that submitted data is consistent with departmental records, such as the service's funding.

#### How care minutes are calculated for each quarter

$$\frac{\text{Direct care labour hours}}{\text{Occupied bed days}} \times 60 = \text{Care minutes per resident per day}$$

## Method to determine reasonableness of care minutes from submitted data

The care minutes calculation is assessed against the direct care funding received under the [Australian National Aged Care Classification funding model](#) for each service for the same reporting quarter.

The department has developed validation ranges for care minutes based on services with similar characteristics such as remoteness, size and provider type. Providers' care minutes are compared against similar services to check for reasonableness. For example, reasonable ranges have been developed for regional services (MMM5-7) with 30 or less residents based on other providers within the same category. If the data you have submitted for your service/s within this segment falls outside the reasonableness range/s, the department will contact you to understand your specific circumstances that may explain why your submitted data is outside the reasonableness range/s.

## Considerations for reporting direct care labour hours

The following direct care employee and agency labour hours categories count towards care minutes:

- registered nurses
- enrolled nurses
- personal care workers/assistants in nursing.

If your service has been identified as reporting direct care hours that are considered outside an acceptable range, we recommend that you independently review the calculations and compare them to your internal records. After this, you can work with the department to either validate the data you have submitted or determine if your data needs to be resubmitted.

You should review the [provided definitions](#), noting that labour hours refer to **worked hours** only. That is, the hours of work that direct care staff (directly employed/agency staff) have been engaged to provide care to residents. Additional paid hours spent on leave, training or undertaking other non-direct care roles (care management etc.) should not be included in this category.

As a sense check, you can use staffing rosters to verify that the direct care hours reported equate to hours of care delivered to residents.

Care managers play an important role in the direct care provided to residents. If care management time is not accurately apportioned between the care management and direct care hours categories, then the direct care minutes will be understated. The department acknowledges that not all systems are set up to capture how care managers divide their time between direct care and care management roles. We recommend adopting a process that will support accurate apportionment of care manager time. This should be a reasonable reflection of the day-to-day roles that your care managers undertake.

Other care staff (lifestyle/allied health) and indirect care staff (catering, cleaning and laundry) all play an essential role in the day-to-day care of residents. It is important to note that the definition of personal care worker staff does not include lifestyle workers. Definitions of direct care staff are available in the [Care minutes and 24/7 registered nurse responsibility guide](#).

## **Considerations for reporting occupied bed days**

Occupied bed days represent the total days of care provided to residents in a service. These days should reconcile with the number of days that a service has claimed for care funding. The number of occupied bed days reported should also agree with the days reported in Services Australia statements/systems after subsequent month end reconciliations.

Occupied bed days are an integral part of care reporting. They provide a means of normalising data into averages for consolidated services data, as well as for whole-of-sector results. For the Staffing Star Rating, it is important that the reported occupied bed days are for your service/s. The incorrect reporting of occupied bed days could result in an over or understatement of direct care minutes.

In most cases, the reconciled days appearing on payment statements from Services Australia can be used to report occupied bed days. Please use this as the first point of reference, but if this is not possible, due to late claims or reconciliations, it is recommended that you report the occupied bed days as close to the actual days of care that have been provided.

## **2. Claims data submitted to Services Australia for care expenditure reported in the Residential Care section of the QFR**

In assessing the data submitted as part of the QFR it is important to understand the average levels of direct care employee expenditure compared to the average funding levels received.

This is not only an important consideration to validate the care hours data that will be used for the Staffing Star Rating, but also for the Independent Health and Aged Care Pricing Authority (IHACPA) in assessing funding requirements going forward for residential aged care.

It is important that the requested expenditure items only include expenditure that has been funded from recurrent funding (subsidies, supplements and resident contributions).

Where additional expenditure is reimbursed through [COVID-19 Aged Care Support Program \(GO6223\)](#) grant reimbursements, this expenditure should be excluded from the care labour expenditure items in the 'Residential Care Labour and Hours' section. The impact of this reimbursement is not required to be separated out of other sections of the QFR.

### **Method for assessment of direct care expenditure**

By using sector information on direct care revenue for each service, the level of direct care expenditure is calculated as a percentage of direct care revenue. Providers will be contacted by the department if levels of expenditure vary significantly from pre-determined reasonable ranges for care expenditure. This does not mean that the information submitted is incorrect. You may be required to work with the department to either validate the data you have submitted or determine if your data needs to be re-submitted.

To review this calculation internally, the direct care payments for the last three months (from payment statements from Services Australia) are added to the means tested care fees received to determine total direct care revenue. The total amount of direct care labour expenditure can then be calculated as a percentage of this amount.

### 3. Average hourly costs rates for direct care staff

In addition to direct care hours and direct care employee expenses, the average hourly cost for direct care staff (wages and on-costs) and allied health professionals is an important consideration in understanding the cost profiles of an aged care service.

#### How the average hourly cost is calculated

$$\frac{\text{Registered nurse labour costs}}{\text{Registered nurse care hours}} = \text{Hourly cost per registered nurse}$$

Note: the above calculation will substitute registered nurses for other occupations for those separate calculations.

#### Method for assessment of average direct care costs

A number of data inputs are used to assess the reasonableness of average direct care costs. These include reasonable limits for staff based on nurses and aged care awards with average increases for on-costs. This is checked in conjunction with the average staff rates (base rates) requested in the QFR.

#### Considerations for reporting direct care labour costs

The following direct care employee and agency categories for direct care labour costs are:

- Registered nurses
- Enrolled nurses
- Personal care workers/assistants in nursing
- Allied health professionals (physiotherapy, podiatry, dietetic care, etc.)

Reasonableness testing is performed for each individual direct care job category. Using the formula above, the average hourly cost for registered nurses is determined by dividing the total registered nurse costs by the total registered nurse worked hours (including agency for both).

When checking this data internally, it is important to ensure that the labour costs and hours categories line up, and that they seem reasonable from your own perspective from within your organisation.

When reviewing this data always make sure that the calculated average is not below what could be considered as the reasonable limit for the staff category. This would normally be consistent with the average rate you have entered into the QFR, plus a margin for on-costs. While it is expected that some services have high hourly costs (e.g., services paying for on-call staff who are not on-site) or paying significant levels of overtime, checks will emphasise identifying those services with staff categories that are lower than expected.

Low hourly costs could indicate an overstatement of direct care hours. It is important here again to refer to the definition of direct care hours as **worked hours**, not paid hours. If low hourly costs have been impacted by abnormal movements in the associated wages accounts, information explaining the impact should be reported in the QFR.

## Proportion of non-worked hours to total hours

In assessing QFR data, the proportion of non-worked hours to total hours will provide an indication of staff leave, training and other non-direct care hours which are performed in the delivery of aged care. It is to be expected that residential aged care facilities will incur non-worked hours throughout a quarter as staff access leave entitlements and engage in training. Services with zero non-worked hours or a high proportion relative to total hours could indicate an issue with the classification of hours or facilities which may require support in allocating time for staff to undertake training and take leave.

### How the proportion of non-worked hours is calculated

$$\frac{\text{Non-worked hours}}{\text{Total hours}} = \% \text{ non-worked hours to total hours}$$

Note: Non-worked hours includes all forms of leave and training for each staff category.

### Method for assessment of non-worked hours relative to total hours

A range of factors will be reviewed in order to assess the breakdown of hours in providers' submissions. Given the need for staff training and leave, some proportion of total hours being non-worked hours is expected across all providers. However, this could vary dramatically between providers based on their size, locations, or fluctuations in total staff numbers. Additionally, non-worked hours may fluctuate throughout the calendar year, with certain quarters having a greater number of non-worked hours than others. These factors, along with prior submission data, will be considered during the data review process.

When reviewing this data, always ensure that all forms of leave (annual leave, sick leave, etc.) is included in non-worked hours, along with training for each staff category (direct care hours, administration support, care management, etc.).

### Missing direct care data

In some cases, services might submit incomplete data for specific fields. Certain data fields in the QFR may not be relevant for all providers, such as certain allied health professionals. However, in order to ensure that each provider has submitted a complete report, there are a range of critical fields which may be checked if no data is submitted. During data checks, the following direct care data will require validation with providers:

- Non-zero expenditure amounts with zero corresponding hours
- Non-zero hours submitted with zero corresponding expenditure
- Neither expenditure nor hours submitted (Employee RN and PCW/AIN only).

## **4. Data submitted in the QFR to data previously submitted to the department through Aged Care Financial Reports**

Trend lines of direct care costs and hours for services have been established through previous reporting of this information in the Aged Care Financial Reports (ACFR) and previous QFRs.

These trends will be used to look for movements in response to the changing nature of care and care costs in each service and more broadly as a sector.

### **Method for assessment of trend lines for direct care staff**

Where there are significant shifts in direct care labour costs or direct care time from one reporting period to another, there must be an explanation for these movements.

Through this review process services will be identified as having significant movements in care cost or care time delivered, which may not be explained by other changes in revenue and cost profiles. It is understood that some definitions have changed over the reporting periods, which may result in trend changes. Other reasons may have to do with incorrect reporting in prior periods. Significant movements between reporting periods does not mean that the information submitted is incorrect; you may be required to work with the department to either validate the data you have submitted or determine if your data needs to be re-submitted.

### **Tips to help with reporting**

- Ensure that actual hours data entered in the “Residential Expenses & Labour Hours” tab of your QFR is relevant for the current quarter only. Do not adjust the hours from the previous quarters into this quarter.
- The “Quarterly Financial Statements” tab of the QFR needs to be reported on a year-to-date basis. However, the residential, home care and food & nutrition tabs need to be reported for the reporting quarter only (that is, 3 months).
- Discuss with the allied health provider about supplying hours data alongside their fee invoices. The preference is to request monthly statements from the allied health provider that show the total expenditure and hours delivered by each category of allied health worker at a facility level.
- The costs in the “Residential Hours and Costs” tab must include all on-costs except staff training and workers compensation premiums. The labour hours worked hours section should be only actual worked hours, including overtime hours but excluding non-worked hours such as sick and annual leave.
- Ensure that the email address which is included in each QFR submission is current and applicable, as this is the email address which will be used for important correspondence from the department regarding the submission.

## Common anomalies to avoid

### Reporting accruals or adjustments to care hours

- The reported direct care hours must be the actual hours delivered in the correct quarter and excluding accruals or amendments. Including adjustments and/or accruals to the care hours reported in a quarter will directly impact care minutes results and may affect your Staffing Star Rating and overall Star Ratings outcomes.
- Ensure direct care hours records, such as the roster, reconcile to your payroll records.

### Non-direct care hours (such as leave and training) incorrectly captured as 'direct care hours'

- Report all types of leave and training hours under 'non-worked hours'.

### Direct care hours submitted for total direct care that are higher than expected care levels (based on the average care funding received)

- Compare the total direct care labour hours worked with expected care levels based on the average care funding received.

### Additional anomalies to check

- Clinical care time provided by ENs on the floor inaccurately allocated against RN minutes.
- Reported occupied bed days are significantly different to claims submitted to Services Australia.
- Significant decreases in reported direct care minutes compared with previous submissions.
- Average cost for specified care workers is lower or higher than expected.

## Assistance

For help to report residential care labour costs and hours data in the QFR, email [QFRACFRHelp@health.gov.au](mailto:QFRACFRHelp@health.gov.au).

For assistance to complete other components of the QFR, call the Forms Administration helpdesk on (02) 4403 0640 or email [health@formsadministration.com.au](mailto:health@formsadministration.com.au).

## Let's change aged care together

We invite Australians to continue to have their say about the aged care reforms.



Visit [agedcareengagement.health.gov.au](https://agedcareengagement.health.gov.au)



Phone **1800 318 209** (Aged care reform free-call phone line)

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