

# Living with dementia in Australian residential aged care: Health and residential care costs

**Summary of a Flinders University cross-sectional study, funded by the NHMRC Cognitive Decline Partnership Centre**

## Background

In Australia, over half of the permanent residents living in residential aged care are likely to have dementia. People with dementia will often have increased healthcare needs, comorbidities and hospitalisations.

With the ageing of the population in Australia, the demand for aged care services will continue to grow, therefore it is critical to ascertain the cost of providing long-term care for people with dementia. Several studies have estimated this, using different costing approaches, perspectives and settings.

In Australia, previous studies have estimated the costs of dementia from a consumer contribution (out-of-pocket) perspective.

However, the true cost of providing care for people living with dementia in permanent residential care is currently unknown.

This study aimed to provide a detailed assessment of the 'whole-of-system' costs of providing care for people living in residential aged care, taking into account not only the cost of residential care provision but also healthcare costs.



## Study snapshot

### Aims

To estimate the 'whole-of-system' direct costs of care for people living with or without dementia in residential care.

### Method

A cross-sectional study of 541 people living permanently in residential aged care facilities in four Australian states. Health service use data for each participant for a 12-month period was collected retrospectively, including residential care costs, hospital admissions, emergency presentations, pharmaceutical use and other medical services.

### Results

- 84% of study participants had dementia based either on medical diagnosis or cognitive assessment score, their mean age was 85 years, approximately 75% were female and they had on average 3.6 comorbidities in addition to dementia
- The average annual health and residential care cost for people with dementia was estimated at \$88,000 per person in 2016
- The cost of residential care made up most (93%) of this cost
- Direct healthcare costs comprised mainly of hospital admissions (48%), pharmaceuticals (31%) and out of hospital attendances (15%)
- While the overall cost of care for people with dementia was comparable to those without, there were some differences between these two groups in the distribution of these costs between residential care and healthcare



### Discussion

- This study provides the first comprehensive estimate of the cost of providing health and residential care for people living with dementia in residential aged care in Australia
- Although the total cost of care was comparable between people with or without dementia, the cost of residential aged care was higher for people with dementia
- Conversely, the cost of health services was generally lower for people with dementia, who were less likely to be hospitalised, present at emergency, access other medical services and had lower pharmaceutical costs

### Conclusion

Our annual costing of approximately \$88,000 per person in 2016 shows that the cost of care for people with dementia is substantial and underestimated when more limited cost estimation methods are used.

By capturing a more comprehensive figure of dementia care cost, aged care providers, government and individuals can better anticipate, plan and budget for these costs into the future. Given the high proportion of annual costs attributable to residential care alone, further attention could be directed toward alternative, cost-effective models of aged care service delivery.

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