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https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Community_Affairs/Agedcareservice

Catholic Health Australia Submission: Inquiry into Aged Care Service Delivery 2025

Thank you for the opportunity to provide Catholic Health Australia (CHA)'s views on the Inquiry into Aged Care Service Delivery.

CHA appreciates the work of the Parliament through this Inquiry to support meaningful reform to the aged care sector, ensuring delivery of high-quality care to older Australians and support for them to age in place.

CHA supports the Government's continued efforts to strengthen the aged care system through the implementation of the Aged Care Act 2024. This submission focuses on ensuring that provider obligations are clearly articulated and that older Australians are well-informed and supported in understanding their eligibility for aged care services.

This submission responds to the Inquiry's terms of reference while also highlighting the broader factors that should be addressed to meet the current and future needs of older Australians. This includes matching resources to the needs of older Australians as they are identified, ensuring the best outcomes for older Australians and reduces risks such as premature admission to residential aged care and unplanned hospital admissions.

Catholic providers continue to contribute to policy development across the broader care economy, recognising that aged care reform must be integrated with efforts to build a resilient, equitable, and sustainable system. In particular, CHA advocates for reforms to funding models, practical implementation support, and robust workforce planning—key enablers of dignified, responsive, and economically viable care, and essential foundations for a demand-driven aged care system.

CHA welcomes the opportunity to contribute to ongoing discussions and assist in the implementation of these reforms. If you wish to discuss anything further, please contact Alex Lynch, Director of Aged and Community Care Policy on 0411 841 071 or at alexl@cha.org.au.

Yours sincerely,



Alex Lynch

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Catholic Health Australia



Catholic Health Australia – Submission to the Inquiry into Aged Care Service Delivery

August 2025

Catholic Health Australia

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Catholic Health Australia (CHA) is Australia's largest non-government grouping of health, community, and aged care services. CHA Members provide approximately 12 per cent of all aged care facilities across Australia, in addition to around 20 per cent of home care provision.

Our members account for over 15 per cent of hospital-based healthcare in Australia and operate hospitals in each Australian state and in the Australian Capital Territory, providing about 30 per cent of private hospital care and 5 per cent of public hospital care in addition to extensive community and residential aged care.

CHA not-for-profit providers are a dedicated voice for the disadvantaged advocating for an equitable, compassionate, best practice and secure health system that is person-centred and community focused in its delivery of care.

Background

The Inquiry on Aged Care Service Delivery has been established to identify the implications for older Australians, their families, carers, service providers and state and territory health systems of the Government's decision to defer the commencement of the new Support at Home program until 1 November 2025 while also withholding the release of any additional Home Care Packages, with particular reference to:

- a) the impact of the delay on older Australians waiting for support at home, including unmet care needs and the wellbeing of seniors and their carers;
- b) the capacity of the Commonwealth Home Support Programme to meet increased demand for support at home prior to 1 November 2025;
- c) the impacts on aged care service providers, including on their workforce;
- d) the impacts on hospitals and state and territory health systems;
- e) the feasibility of achieving the Government's target to reduce waiting times for Home Care Packages to 3 months by 1 July 2027, in light of the delay;
- f) the adequacy of the governance, assurance and accountability frameworks supporting the digital transformation projects required to deliver the aged care reforms on time;
- g) the implementation of the single assessment system and its readiness to support people to access a timely assessment now and beyond 1 November 2025; and
- h) any other related matters.

This submission responds to the Inquiry's terms of reference while also highlighting the broader factors that should be addressed to meet the current and future care needs of older Australians. This includes measures to match resources to the needs of older Australians as they are identified to help ensure the best outcomes for older Australians and reduce the risk of premature admission to residential aged care and unplanned hospital admissions.

As Australia's largest non-government grouping of health, community, and aged care services, Catholic Health Australia (CHA) and its members play a leading role in the care economy and is well-positioned to provide meaningful insights to this Inquiry. CHA's aged care members account for approximately 12 per cent of aged care facilities across Australia, in addition to around 20 per cent of care provision in the home. Catholic aged care providers have a vital interest in working with the Australian Government to ensure the sustainable provision of aged care and support services for older Australians to meet community expectations of safe and quality of care.

Overall comments

CHA supports the passage of the new Aged Care Act and acknowledges its importance in driving long-overdue reform across the sector. We also supported the Government's decision to defer the commencement of the *Support at Home* (SaH) program to 1 November 2025, recognising the need for additional time to ensure systems, providers, and the workforce are adequately prepared for the transition.

While CHA notes that earlier communication of the deferral would have supported more proactive planning, we commend Minister Rae for swiftly acknowledging sector concerns and prioritising readiness. This pragmatic decision creates space to strengthen the foundations for

a successful rollout of the Support at Home program. CHA remains committed to working alongside the Government to support the successful implementation of the new Aged Care Act (the Act), ensuring it underpins a safe, high-quality, and equitable aged care system for all Australians - regardless of their financial means or geographic location.

CHA continues to advocate for reforms to funding models, practical implementation support, and robust workforce planning - critical enablers of dignified, responsive, and economically sustainable care, and essential to realising a demand-driven aged care system.

CHA appreciates the opportunity to provide input into the Aged Care Service Delivery Inquiry (the Inquiry). We acknowledge the important work of the Parliament in driving meaningful reform through this process, with a focus on delivering high-quality care and supporting older Australians to age in place.

Key observations and issues related to the Inquiry articulated in our submission include:

- **Care management:** The halving of the care management cap raises funding, system, and workforce challenges – particularly for the transition period – that must be addressed to support older people to age in place.
- **Price caps:** A shortened transition period increases the risk associated price-capped arrangements and underscores the need for greater support for innovation through flexible pricing and regulation.
- **Aged care workforce:** A nationally coordinated approach to workforce planning, development, and regulation is urgently needed to address persistent workforce shortages and ensure continuity and quality of care—particularly in light of the deferral of the commencement of the Act.
- **Single assessment process:** Uncertainty remains around the readiness of the Single Assessment System, particularly its ability to deliver timely assessments in regional, rural, and remote areas.
- **ICT challenges:** Persistent concerns about governance, assurance, and accountability in the digital transformation of aged care have implications for provider costs, systems, and the delivery of safe, high-quality care.

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Submission

Section 1: Meeting the current and future needs of older Australians

The aspirational goal of aged care reforms should be a move towards matching resources to the care needs of older Australians as they are identified, including the need for flexibility to adapt service delivery as care needs change. Achieving this level of demand-driven care requires appropriate funding, effective regulation, and a well-supported aged care workforce. CHA urges the Government to deliver the current reforms with a clear focus on advancing this strategic policy goal.

Funding Support at Home to meet demand for care delivered in the home

CHA urges the Government to prioritise funding for Support at Home packages that reflect actual demand¹. This includes increasing the number of full packages available and basing funding decisions on robust demand modelling that considers demographic trends, population ageing, and older Australians' strong preference to age at home.

Such modelling would enable timely access to care, aligning with Royal Commission Recommendation 39b while also improving long-term cost efficiency by preventing health deterioration due to care delays.

To mitigate risks during implementation, CHA recommends that the Government:

- Ensure Support at Home funding aligns with real-time demand to deliver timely, equitable, and high-quality care.
- Task IHACPA and the Department with closely monitoring service uptake in the first 12 months to ensure older people are not missing out on essential supports due to the new service list.
- Address concerns that price signals in the co-contribution scheme may unintentionally shift service mix, affecting care appropriateness and sector sustainability.

Implementing a responsive regulatory framework

Quality and safety regulation is a vital pillar of the aged care system, supporting the practical implementation of a rights-based approach and the broader reform agenda focused on dignity, fairness, and respect for older Australians. However, current regulatory mechanisms often create complexity for providers and older people, particularly due to fragmentation across care sectors.

To enable a demand-driven system, regulation must evolve to be more responsive and supportive of aged care service delivery. Streamlining compliance, reducing low-value requirements, and embedding digital solutions can help return time to care. A shift toward principles-based regulation - focused on outcomes and risk - would offer greater flexibility while maintaining safeguards.

¹ Refer to CHA's Aged Care Pre-Budget 2025-26 Submission [here](#).

An effective approach would be to jointly address the regulatory burden across jurisdictions, aiming for harmonisation and reduced duplication. This does not mean imposing a rigid, one-size-fits-all framework, but rather establishing a consistent foundation of principles, language, and standards adaptable to different care contexts. There needs to be equal accountability between all stakeholders to progress an integrated care and service delivery approach for older people. Shared outcome measures, interoperable reporting systems, and coordinated oversight would support a more person-centred and integrated aged care system.

Section 2: Enabling older Australians to age in place

The Support at Home (SaH) program will be transformational for the aged care system in enabling older Australians to age in place. CHA and its members recognise that expanding aged care services delivered at home is critical to meeting demand in the coming decades. Wherever possible, older Australians who wish to remain at home should be supported to do so with dignity and respect. This is to the benefit of the older person, their families, and the financial sustainability of the aged care system.

The key element in successfully keeping older Australians at home for longer despite the increasing acuity of their health challenges is effective care management. Under Support at Home, the cap on care management as a component of a package will drop to 10%, a number that is half the available care management under the existing Home Care Package system. This drop fails to acknowledge and reflect that care management currently sits at approximately 17% across the sector.

The proposed halving of the care management caps introduces significant risk of deteriorating quality and availability of care for older people. This places the aged care system in the challenging position of being asked to expand access to in-home support to allow older Australians to age in place at the same time that the key funding that enables that outcome is being halved.

The proposed cap would result in significant changes in provider behaviour, such as:

- Decrease in service availability due to inadequate compensation for lost care management revenue;
- Providers potentially avoiding higher-acuity clients to protect their service mix; and
- A reduction in the care management workforce with experienced care managers leaving the sector.

These risks are particularly acute for smaller providers and those operating in regional, rural, and remote areas, where care managers are often the primary point of contact and support for older people. As key enablers of the reforms, care managers must be adequately resourced to ensure safe, high-quality, and person-centred care.

Care managers are central to the success of the Support at Home transition. Their direct engagement with older people makes them an essential asset in delivering safe, high-quality care and supporting a smooth transition under the reforms. Yet, they are being asked to take on greater responsibilities at a time when funding is being reduced and workforce capacity is under pressure. Without sufficient support, the sector risks losing experienced care managers and compromising the quality of care older Australians receive. As such, CHA believes that the Government must:

- Maintain existing care management funding for the first 12 months of the Support at Home Program (through 1 November 2026); and
- From 1 November 2026, ensure that care management is set at an evidence-based level. Based on existing utilisation, a 15% care management cap for older Australians assessed as having complex needs would more appropriately match the actual needs of older Australians.

Section 3: Supporting innovation through flexible pricing and regulation

CHA welcomed the Government's decision to remove price caps for SaH services during the first 12 months of implementation -a proposal originally developed and recommended by CHA to reduce transition risks. However, with the Act now deferred to 1 November 2025, the already limited window for non-price capped arrangements is further compressed, while price caps remain scheduled to take effect from 1 July 2026. This shortened transition period reintroduces risks and heightens the need for careful monitoring and responsive policy adjustments to avoid unintended impacts on service delivery and sector sustainability.

Given the shortened transition window, CHA continues to advocate for a full 12-month delay in the implementation of price caps to enable a staged and sustainable rollout. This approach acknowledges the significant work already underway and allows time for sector-wide adaptation. It also allows for IHACPA and the Department to conduct shadow-pricing to compare actual prices with indicative benchmarks, noting that no Support at Home Pricing has been released from IHACPA to date. Importantly, IHACPA's shadow-pricing guidelines² refer to a two-year period to develop the comprehensive pricing model that serves the Australian public hospital system. While a reduced timeframe is possible, this occurs primarily where there has been a positive assessment of readiness as a result of shadow pricing.

Such analysis is critical to identifying and mitigating unintended impacts on service delivery, such as changes to consumer and provider behaviour, service quality, and outcomes. CHA remains concerned about the interaction between price caps, reduced care management funding, and consumer behaviour - particularly in the absence of publicly available modelling on the behavioural economics underpinning these reforms. In a system where prices are fixed by service category, providers may be incentivised to race to the bottom on costs, as opposed to competing on quality and innovation, which undermines the goal of safe, accessible care for older Australians.

A longer transition period would support a more accurate and evidence-based assessment of these behavioural and economic shifts. CHA's submission to the Senate Inquiry on the Aged Care Act (2024), which is available [here](#), has identified several risks associated with premature implementation of price caps, including:

- Reduced market entry by specialised providers offering high-quality services, due to constrained pricing flexibility;
- Client selection bias, where providers may prioritise more profitable clients, disadvantaging those with complex or less profitable needs;

² IHACPA (2023). Shadow Pricing Guidelines version 3.0. Accessed at: <https://www.ihacpa.gov.au/resources/shadow-pricing-guidelines>

- Distorted decision-making by consumers, as older Australians may adjust service choices based on perceptions of unaffordability due to increased out-of-pocket costs under the co-contribution regime.

While CHA remains hopeful that the prices to be released by IHACPA will support high-quality service provision and genuine competition, there remains uncertainty about the implementation of these price caps and the likelihood they will deter investment and innovation in the sector.

A full 12-month delay in the implementation of price caps from the commencement of the Act would assist in reducing the risk of adverse impacts on service delivery. It would also allow IHACPA to refine its recommendations - whether through adjustments to the caps or by positioning them as benchmarks rather than strict limits - thereby supporting innovation, sustainability, and improved outcomes for older Australians.

Section 4: Addressing the need for workforce solutions

Workforce shortages across the health, aged care, and disability sectors are placing increasing strain on service delivery. These pressures are compounded by fragmented workforce planning, under-utilisation of national data, and insufficient coordination across state and territory initiatives.

In anticipation of the original 1 July 2025 commencement date of the new Act and the SaH program, many CHA members have rapidly mobilised resources and invested in operational capacity and workforce initiatives to meet expected demand. However, the subsequent deferral of the SaH program and the associated delay to the release of additional Home Care Packages (HCPs) has required providers to scale back these efforts.

CHA members remain committed to delivering high-quality, safe, and accessible care for older Australians. However, the disruption has intensified pressure on an already stretched workforce, disrupted critical change management processes, and created operational uncertainty for providers and their teams. Providers are also absorbing the financial costs of this transition - having invested in workforce mobilisation, training, and system upgrades that are now under-utilised or deferred until the revised 1 November start date.

These challenges highlight the urgent need for a nationally coordinated approach to workforce planning and reform. A sustainable care workforce is a critical enabler of a responsive, demand-driven aged care system. Without targeted and coordinated action, providers will continue to struggle to meet growing demand, especially for smaller or standalone providers operating in thin markets, such as in regional, rural and remote locations. Implementing a comprehensive package of short, medium, and long-term system-level reforms - such as those outlined in CHA's Aged Care Pre-Budget Submission 2025-26 (available [here](#)) and CHA's Submission to the Economic Reform Roundtable (available [here](#)) will help improve the flow of critical workers into the sector.

Addressing barriers to scope of practice

Unlocking the full potential of the aged care workforce is essential to delivering high-quality, responsive care in a demand-driven system. To meet growing demand for at-home aged care, the system must enable all health and aged care professionals to work to their full

scope of practice. Current limitations - driven by outdated legislation, restrictive funding rules, and siloed roles - constrain team-based care and reduce workforce efficiency.

Expanding access to prescribing, referrals, diagnostics, and care coordination for qualified non-medical professionals would improve service delivery and productivity. For example, allowing aged care nurses to operate at the top of their scope, supported by remote clinicians and technology, could reduce avoidable hospital transfers and improve access in residential care settings.

A coordinated approach - such as implementing a National Skills and Capability Framework and Matrix - would clarify roles, support cross-sector mobility, and streamline workforce planning and development. Addressing scope-of-practice barriers would also reduce inefficiencies in recruitment and onboarding, and help alleviate competition between sectors for a limited workforce.

A harmonised approach to workforce development and regulation

A fragmented regulatory framework across aged care, NDIS, and veterans' programs creates unnecessary duplication and inefficiencies for providers and workers. Many aged care staff work across multiple government-funded programs - such as CHSP, HCP, Support at Home, NDIS, and Veterans' care - yet face inconsistent requirements for background checks, registration, and training.

CHA strongly supports a harmonised approach to workforce regulation. Standardising registration and screening would improve workforce mobility, reduce administrative burden for providers, whilst reflecting the realities of a shared care workforce.

A key concern is the duplication of background screening. Providers delivering both CHSP and HCP services often use the same staff but must maintain separate compliance records for police checks and NDIS worker screenings – requiring additional time, efforts and resources in doing so.

CHA recommends a streamlined, national background screening system, ideally building on the existing NDIS Worker Screening framework and aligned with a National Skills and Capability Framework. This system should be recognised by all relevant authorities, including the Aged Care Quality and Safety Commission and the Department of Health, Disability and Ageing.

Section 5: Readiness of the Single Assessment System

The Single Assessment System represents a major shift in aged care assessments, combining the Integrated Assessment Tool (IAT), a unified assessment workforce, and new First Nations assessment organisations. While these reforms aim to streamline access, CHA remains concerned about the system's readiness to support timely assessments - both now and beyond 1 November 2025.

Integrated Assessment Tool

A streamlined, accessible, and equitable aged care assessment process is essential to ensure older Australians receive timely support. Limited information on updates to the Integrated Assessment Tool (IAT) raise implementation concerns that could delay access to care during a critical transition period. CHA has identified inconsistencies between the IAT and the prioritisation criteria outlined in Section 87-5(2) of the final draft Rules. While the IAT includes a section on home and personal safety, the Rules do not explicitly consider the

home environment in determining eligibility - raising questions about how these approaches are intended to align in practice. This gap is compounded by the challenges older people face in reporting on their home environment during phone-based assessments, which can result in incomplete or inaccurate evaluations of care needs.

Single Assessment System workforce

CHA and its members understand that as of 9 December 2024, the Single Assessment System workforce has replaced the Regional Assessment Service (RAS), Aged Care Assessment Teams (ACATs), and independent AN-ACC assessors. While this integration was intended to streamline assessment delivery, providers continue to report delays in older people receiving timely assessments - particularly in regional, rural, and remote areas. In many cases, assessors are unable to travel long distances, and alternative assessment options remain limited.

Case study

A medium-sized rural residential aged care provider reported challenges in accessing a reassessment for a resident whose care needs had changed significantly. Despite proactive efforts by the residential care manager to initiate the reassessment process, the provider faced a critical barrier: the inability to secure an interpreter willing to travel to the rural location to support the reassessment.

This logistical gap delayed the reassessment and, in turn, the resident's access to updated AN-ACC funding - funding that is essential for aligning care resources with the resident's evolving needs. Committed to delivering holistic, person-centred care, the provider continued to meet the resident's increased care needs without the corresponding funding, resulting in additional operational costs.

This case highlights the importance of wraparound supports for the Single Assessment System workforce - such as interpreter services, workforce availability, and logistical coordination - to ensure timely assessments and reassessments. This is true for both entry into the aged care system via the Single Assessment System, as well as re-assessment for AN-ACC funding once an older Australian is in care.

Without these supports, the system risks delays that not only impact funding flows but also compromise the responsiveness and equity of care delivery particularly in rural and remote settings.

Older people are often required to remain on their existing care packages, even as their needs become more complex. Providers are expected to maintain continuity of care without updated assessments, placing significant financial and administrative pressure on services to deliver high-quality care under constrained conditions.

Section 6: Strengthening ICT Readiness for Support at Home

Information and communications technology (ICT) challenges remain a critical barrier to the successful implementation of the SaH program. While some issues may be resolved through further guidance from the Department of Health, Disability and Ageing and Services Australia, others will require urgent adjustments ahead of 1 November.

Concerns around governance, assurance, and accountability for the digital transformation underpinning aged care reforms include:

- **Limited interoperability of provider systems**, particularly the Government Provider Management System (GPMS) portal. CHA members report constrained bulk upload functionality, creating unsustainable administrative burdens and increasing the risk of error and non-compliance. Providers managing large client volumes anticipate ongoing technical challenges with data handling.
- **Unresolved system integration and file-handling issues**, notably Services Australia's requirement to upload attachments for specific service claims. This design flaw is forcing providers to develop costly workarounds, diverting resources from transition activities. Critically, it adds no compliance value, as claims are already attested by providers.
- **Significant and duplicative evidence requirements**, notably the requirement that from 1 November providers will need to provide evidence in unclear formats across multiple application programming interfaces (APIs) at great cost. There is no clear purpose for this, as it is the Aged Care Quality and Safety Commission's role to monitor and audit compliance for aged care providers. This is generating large costs, will introduce significant risk to the 1 November 2025 commencement date, and appears to inefficiently duplicate the role of the Commission.

Without a clear and coordinated focus on ICT transition, there is a significant risk that critical systems will not be ready to support the commencement of the new Aged Care Act. System underperformance or failure could result in costly manual workarounds, service disruptions, and compromised care delivery - directly impacting provider operations, funding flows, and ultimately, the quality of care.

To mitigate these risks, transparent accountability and timely communication with providers are essential. Providers need clear, detailed guidance on system requirements and sufficient lead time to implement and test software solutions. The ability to trial and validate ICT systems in real-world settings prior to the commencement of the Act is critical to ensuring readiness and avoiding last-minute system failures.

In the absence of this clarity, providers will be left to absorb the financial and operational risks of digital transformation, and may be investing in systems and training without certainty that they will align with final requirements. A more transparent and accountable approach is needed to support providers through this transition and ensure reforms are delivered on time and as intended.

Closing remarks

CHA appreciates the work of the Parliament through this Inquiry to support meaningful reform to the aged care sector, ensuring delivery of high-quality care to older Australians and support for them to age in place. We acknowledge the broad scope of the Inquiry in addressing systemic challenges within aged care. While the deferral of the Aged Care Act has helped resolve some issues, it has also created pressures in other parts of the system. Further work is needed to reduce risks to the sector's providers, workforce and most importantly older Australians as these reforms proceed. Into the future, consideration needs to be given to how we meet the care needs of older Australians as they arise.