



# **Catholic Health Australia – *IHACPA Pricing Framework for Support at Home 2026-27* Submission**

July 2025

Catholic Health Australia

[www.cha.org.au](http://www.cha.org.au)

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 which advocates for an equitable, compassionate, best practice and secure health system that is person-centred in its delivery of care.

## Executive summary

Catholic Health Australia (CHA) is Australia's largest non-government grouping of health, community, and aged care services accounting for approximately 12 per cent of residential aged care across Australia, in addition to around 20 per cent of aged 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 safety and quality of care.

CHA appreciates the opportunity to provide input into the consultation process to develop the *Pricing Framework for Australian Support at Home Aged Care Services 2026–27*. We look forward to working with the Independent Health and Aged Care Pricing Authority (IHACPA) during this consultation period to ensure the Pricing Framework achieves its intended outcome - supporting a high-quality and safe aged care system for all Australians irrespective of their wealth or geography.

CHA continues to advocate for funding to be based on current levels for 12 months following the implementation of the new Act, to ensure the sector is adequately supported during the transition to the new system. CHA and its members remain concerned that IHACPA service list prices may function as de facto price caps. As such, CHA will continue to advocate for a delayed implementation of these price caps, aligning with the phased changes to care management. This approach aims to mitigate the risk of unintended consequences—such as the prioritisation of cost over quality in service delivery, viability concerns for some services due to reduced sector investment. Provider sustainability and consumer flexibility are particularly critical given that behavioural changes among consumers and providers are likely to emerge in the following financial year.

CHA appreciates the work undertaken by IHACPA to develop the *Pricing Framework for Australian Support at Home Aged Care Services 2026–27*. This submission focuses on providing a response to the consultation questions identified in the *Consultation Paper*, as well as articulating a need for IHACPA to publish underlying pricing data to enable an adequate assessment of the appropriateness of the Pricing Framework.

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

1. **Transition to Support at Home:** The sector's transition to Support at Home cannot be effectively supported without transparent access to pricing data and expert advice. It is essential that IHACPA has a clearly defined role in this process. In collaboration with the Department of Health, Disability and Ageing, IHACPA should contribute to the broader reform agenda aimed at building a more sustainable and investable aged care sector.
2. **Adjustments for MMM classifications in regional, rural and remote locations:** Aged care providers incur significantly higher operating costs in regional, rural and remote areas. The funding model and associated MMM categorisation in regional, rural and remote areas needs to account for these cost variations caused by remoteness to ensure providers are adequately supported to continue care provision to dispersed populations.
3. **Adjustments for cohorts of older people with special care needs:** Pricing should reflect the additional costs associated with delivering care to people living with dementia and ensure equitable access to palliative care as part of the End-of-Life pathway under Support at Home. More broadly, pricing must enable providers to

assess individual needs and implement the necessary supports to meet those needs effectively.

4. **Long-term investment into Support at Home:** Investment in the Support at Home program is essential to ensure the financial sustainability of in-home aged care services. Targeted supports and pricing adjustments should reflect the costs associated with regulatory changes. Over the longer term, pricing incentives should be introduced to enable providers to design and deliver innovative models of care that align with the broader aged care reform agenda.

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## Our list of recommendations

CHA makes the following recommendations to IHACPA for amendments to the *Pricing Framework for Australian Support at Home Aged Care Services 2026–27*.

**Recommendation 1:** Ensure that prices for services are imminently released to enable assessment of the practical application of the pricing principles.

**Recommendation 2:** For the ‘Sustainability’ principle, explicitly state that “Pricing should consider the sustainability of *providers* in the in-home aged care sector now and into the future.”

**Recommendation 3:** Incorporate an additional pricing principle that sets out the need for a flexible and responsive pricing framework. This could state: “Pricing should consider changes in the sector and support in-home aged care providers to respond accordingly.”

**Recommendation 4:** Recognise the realities of workforce competition and wage gaps across the care economy through differentiated pricing advice, with a focus on ensuring viability of aged care providers whilst enabling long-term investments in workforce capability and service delivery.

**Recommendation 5:** Consider involving provider-based groups at jurisdictional levels to design and undertake future cost data collections. As part of this engagement, explore the provision of state-specific guidance on applicability of pricing recommendations.

**Recommendation 6:** Explore feasibility for adjustments to MMM classifications in regional, rural and remote locations through future cost collections to ensure cost variations attributed to remoteness are appropriately captured.

**Recommendation 7:** To increase the representativeness of future cost collections, IHACPA should:

- a. Design and implement a data collection template for in-home aged care providers, with associated guidance materials to raise awareness of key cost drivers.
- b. Establish minimum data contribution thresholds for regional, rural, remote, and diverse populations, with transparent reporting to ensure the methodology remains robust and inclusive.
- c. Design and implement specific incentives to enable in-home aged care providers to participate in future cost collections.

**Recommendation 8:** Collaborate with the Department of Health, Disability and Ageing to incorporate findings from the Modified Monash Model (MMM) review into pricing adjustments, ensuring they are tailored and fit-for-purpose for in-home aged care services in regional, rural, and remote areas (and advise the sector of steps taken). As part of these pricing adjustments, consider the evidence based relating to the following factors:

- a. The unique logistical challenges and elevated costs associated with delivering care across dispersed populations; and
- b. Feedback on the need for bundled pricing to appropriately reflect the time and service-mix during an occasion of service.

**Recommendation 9:** Explore the feasibility of a pricing adjustment to address workforce challenges experienced by in-home aged care providers located in regional, rural and remote areas, where workforce challenges may be exacerbated by broader market conditions.

**Recommendation 10:** In the long-term, collaborate with Department of Health, Disability and Ageing to understand and address barriers to care delivery for older people with dementia care needs under Support at Home. In the short-to-medium term, consider pricing advice that is responsive to the potential for increased costs to deliver services to people living with dementia, ensuring that pricing mechanisms do not disincentivise the provision of dementia care.

**Recommendation 11:** Explore the feasibility of a pricing adjustment designed to address the barriers to access and provision of palliative care services under the End-of-Life Pathway for Support at Home.

**Recommendation 12:** Collaborate with relevant teams within the Department to understand the factors considered as part of long-term service changes for CHSP.

**Recommendation 13:** Ensure pricing adjustments in the Support at Home model account for the costs of regulatory changes under the new Act. Specifically clarify which, if any transition costs for SaH or other costs associated with the new Act will be incorporated into the pricing model.

**Recommendation 14:** Ensure that there are incentives for providers to trial and implement new, innovative models of care under the Support at Home program, and therefore, contribute towards a more sustainable, responsive and integrated aged care system.

**Recommendation 15:** Ensure that regulatory inconsistencies between NDIS, DVA and in-home aged care systems are addressed prior to attempts at benchmarking of prices for similar services, noting that in the long-term aligned prices across the care sectors would support equitable access to care.

**Recommendation 16:** Ensure that pricing is adequate so that providers can meet compliance and care management aspects of care. This includes care management and provider administration including following up care recipients' unpaid debts; and all aspects of care.

## Background

CHA and its members believe that IHACPA's role should be expanded beyond providing pricing advice to the Minister of Aged Care and Seniors for Support at Home (SaH) services. An expanded mandate could include implementing targeted incentives to help transition the aged care sector toward a more sustainable and investable future. Additionally, IHACPA should proactively build on its existing data assets to strengthen the evidence base, ensuring that its pricing advice more accurately reflects the true cost of service delivery – addressing longstanding concerns within the sector about the disconnect between pricing advice and actual operational costs.

In the medium to long term, CHA and its members believe that there is a need to review the factors affecting both provider and consumer behaviour when developing pricing advice. For example, factors such as participant co-contributions should inform the pricing advice developed, so that it can collectively drive the desired outcomes of the Support at Home reforms. There is a significant amount of complexity in understanding how older people will be affected by the transition to Support at Home. CHA has identified that the volume of current arrangements needing to be transitioned to completely different ones remain a significant transition issue impacting the commencement of Support at Home.

Furthermore, whilst the consultation paper illustrates the aims of the Pricing Framework to support older people to live independently and for longer by funding the actual costs of high-quality services, it is challenging to assess the relevance of the Pricing Framework without providers having access to the underlying pricing data. Visibility of the collected pricing data is essential for providers to meaningfully evaluate the framework's assumptions and implications. Without access to this data, the sector cannot verify whether the proposed pricing model accurately reflects the realities of service delivery. This submission outlines specific concerns arising from the limited transparency and its potential impact on provider confidence and sector engagement.

## Chapter 2: Pricing Principles

In the main, CHA and its members welcome the revised pricing principles outlined in Chapter 2 of the consultation paper. However, assessing the usability and relevance of the proposed pricing principles remains challenging, as draft service prices have not yet been made publicly available. To enable a comprehensive and informed review of these principles, it is essential that draft prices are released for public consultation. Once pricing is published, providers are legally required to adhere to the set prices. However, providers face challenges in determining what should be included in these prices and understanding what constitutes necessary supporting evidence that should be incorporated into service agreements, which remain a primary concern affecting the transition to Support at Home.

With reference to the Transparency principle, it is clear that "Pricing should minimise susceptibility to gaming, inappropriate rewards and perverse incentives," however it is difficult to assess the practical application of such principles without reference to proposed prices for services. Transparency in pricing is critical to ensuring stakeholder confidence and meaningful sector engagement in the reform process.

**Recommendation 1:** Ensure that prices for services are imminently released to enable assessment around the practical application of the pricing principles.

## Question 1: Do the pricing principles provide adequate guidance for IHACPA's development of pricing advice? If not, what changes do you recommend?

### Sustainability

CHA's members broadly agree with the revised pricing principles set out in the Consultation Paper. CHA has previously commented on the need for IHACPA to modify the 'efficiency' policy pricing principle so that it reflects 'sustainability' rather than 'efficiency'. This shift is essential to ensure that funding remains viable for the sector and adequately accounts for key cost drivers—including industrial relations obligations, the need for funding to meet demand, and the inclusion of a margin that enables in-home care providers to maintain and invest in service delivery.

CHA sees an opportunity for IHACPA to further develop the 'sustainability' principle to explicitly state that it "considers the sustainability of providers in the in-home aged care sector now and into the future." This would align with broader reform efforts aimed at improving the investability of the aged care sector, while ensuring that the true costs of service provision are adequately addressed through IHACPA's pricing advice to Government.

**Recommendation 2:** For the 'Sustainability' principle, explicitly state that "Pricing should consider the sustainability of *providers* in the in-home aged care sector now and into the future."

### Responsiveness

Importantly, pricing must be responsive to broader sector changes, such as wage increases recommended by the Fair Work Commission. Aligning pricing with these developments is critical to maintaining workforce stability and ensuring providers can continue delivering high-quality care. This could involve building a flexible pricing framework that enables providers to adjust pricing in accordance with Fair Work Commission outcomes. Increased flexibility would enable providers to access additional income through lifting their prices, and therefore, maintain sustainable margins to ensure continuous service provision.

**Recommendation 3:** Incorporate an additional pricing principle that sets out the need for a flexible and responsive pricing framework. This could state: "Pricing should consider changes in the sector and support in-home aged care providers to respond accordingly."

### Alignment with other sectors

Given the significant regulatory changes introduced by the Aged Care Act 2024, it is essential that IHACPA remains attuned to the distinct challenges and regulatory differences across the health, aged care, and disability sectors. A key concern is the growing pressure on the care workforce, with multiple sectors competing for the same pool of skilled professionals. This competition is particularly acute in nursing, where hospital-based roles can offer salaries up to \$10,000 higher than equivalent positions in aged care. Such disparities make it increasingly difficult for aged care providers to attract and retain the qualified staff needed to deliver safe, high-quality care.

Pricing structures should be differentiated to reflect the varying requirements of employing qualified versus unqualified staff, as these factors significantly influence staffing costs across different care sectors. Additionally, pricing should account for the diverse experience levels of allied health professionals and clinical staff involved in delivering multidisciplinary models of care for older people. Ensuring appropriate pricing coverage for these factors is particularly important for retaining experienced professionals. This approach supports the maintenance of competitive pay scales within the aged care sector, helping to sustain a skilled aged care workforce. CHA and its members urge IHACPA to explicitly account for these differentiated staffing costs in its pricing models and advice. Recognising the realities of workforce competition and wage gaps is critical to ensuring that aged care providers remain viable and can continue to invest in workforce capability and service delivery.

**Recommendation 4:** Recognise the realities of workforce competition and wage gaps across the care economy through differentiated pricing advice, with a focus on ensuring viability of aged care providers whilst enabling long-term investments in workforce capability and service delivery.

## Chapter 3: Data collection

### Question 2: Are there specific service types, locations and population groups that IHACPA should focus on in future cost collections?

#### State-based approach

There is a need for future cost data collections to account for state-based nuances. This may involve shifting away from a national approach to cost data collection and/or partnering with subject matter experts at a jurisdictional-level to design and undertake future cost collections. Jurisdictions may have regulatory differences, such as laws, taxes or compliance requirements that directly impact costs of care provision, and therefore, pricing advice should be cognisant of these differences. It is the experience of CHA and its members that the costs related to logistics, labour and materials differ regionally, affecting the costs of care provisions across jurisdictions. IHACPA could look to explore provision of state-based recommendations as opposed to just national guidance to accommodate for the complexity and operating nuances experienced by providers in different jurisdictions.

**Recommendation 5:** Consider involving provider-based groups at jurisdictional levels to design and undertake future cost data collections. As part of this engagement, explore the provision of state-specific guidance on applicability of pricing recommendations.

#### Regional, rural and remote populations

Aged care providers incur significantly higher operating costs in regional, rural and remote areas. Limited access to essential health services and infrastructure further restricts options to expand service offerings or achieve efficiencies through economies of scale. The funding model, known as the Modified Monash Model (MMM), does not accurately reflect the high cost of service provision in mining towns. These towns face significant isolation challenges,

located six or more hours by road from metropolitan centres, making essential health services scarce and more costly. Immediate alternatives are required regarding the categorisation of these communities to ensure older Australians, regardless of where they live, can access safe and high-quality care and providers can continue to operate sustainably.

The funding model and associated MMM categorisation in regional, rural and remote areas needs to account for cost variations caused by remoteness. In an independent report commissioned by the Department, stakeholders acknowledged that the MMM will not perfectly reflect current community needs and that additional mechanisms are required to accommodate unique locations<sup>1</sup>.

The NDIS has mechanisms to accommodate these outliers, and aged care needs these too. Aged care urgently requires adjustments to the funding arrangements to ensure older people in regional, rural and remote communities have the same choice, access, and quality of care as others. Therefore, CHA recommends that IHACPA focus specifically on capturing the nuances associated with service delivery in regional, rural and remote areas, and existing gaps with MMM classifications, as part of future cost collections.

**Recommendation 6:** Explore feasibility for adjustments to MMM classifications in regional, rural and remote locations through future cost collections to ensure cost variations attributed to remoteness are appropriately captured.

### **Question 3: How can IHACPA better support providers to participate in its cost collections to continue to improve their representativeness?**

#### **Improvements to the data collection template**

CHA and its members have found that the current data collection process requires a significant volume of information, much of which has not previously been captured under existing funding models such as Home Care Package program. With the introduction of Support at Home, new reporting requirements—such as tracking minutes spent on individual care management—will further increase the complexity of data collection.

To support providers and ensure robust, consistent data, CHA recommends that IHACPA develop a standardised data collection template aligned with future reporting requirements and key cost indicators. A model similar to public hospital cost collections could be adopted, allowing providers to complete and upload data via a centralised IHACPA portal. This approach would reduce the risk of incomplete or inconsistent datasets, minimise misinterpretation of data definitions, and streamline the overall costing process.

#### **Minimum data contribution levels**

Minimum data contribution thresholds should be established for regional, rural, remote, and diverse populations, with transparent reporting to ensure the methodology remains robust and inclusive. IHACPA should consider developing a meaningful threshold of relevant data items aligned with identified cost drivers. Importantly, this threshold should be designed in conjunction with key stakeholders across the sector to ensure that it is fit-for-purpose. Detailed stakeholder engagement in the design and planning of future cost collections,

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<sup>1</sup> Reid, M. & Knight, S. (2024) Working Better for Medicare Review: Final Report. Retrieved on 11/03/2025 from [Working Better for Medicare Review – Final report](#).

particularly with the establishment of a minimum data contribution level would enhance the representativeness, accuracy, and transparency of the overall cost collection.

### **Incentives to participate**

To ensure that providers are adequately supported to participate in future cost collections, IHACPA should consider designing incentives for selected cohorts of providers serving regional, rural and remote populations, and diverse populations, to participate in cost data collections. These incentives would support broader participation by enabling a more diverse range of interested providers to opt into future cost collections, while helping to overcome any identified resource-related barriers. This could include assigning a data extraction specialist to collaborate with nominated in-home aged care providers that deliver services to priority populations—such as those in rural or diverse communities. These lessons learnt from hospital cost collections could be applied in the in-home aged care setting, whilst noting the diversity of experiences and operating contexts of providers across the sector.

**Recommendation 7:** To increase the representativeness of future cost collections, IHACPA should:

- a. Design and implement a data collection template for in-home aged care providers, with associated guidance materials to raise awareness of key cost drivers.
- b. Establish minimum data contribution thresholds for regional, rural, remote, and diverse populations, with transparent reporting to ensure the methodology remains robust and inclusive.
- c. Design and implement specific incentives to enable in-home aged care providers to participate in future cost collections.

## **Chapter 5: Pricing adjustments**

### **Question 4: What factors should IHACPA take into account when considering pricing adjustments for services provided in rural and remote areas?**

#### **Modified Monash Model (MMM) weight loading**

CHA and its members understand that a review of the Modified Monash Model (MMM) is currently underway. This review is expected to examine the specific factors and conditions—including remoteness—that impact aged care service delivery in regional, rural, and remote areas across Australia. Given this, CHA and its members believe it is essential for IHACPA to work in close partnership with the Department of Health, Disability and Ageing to ensure that any factors identified through the MMM review are appropriately reflected as pricing adjustments tailored for in-home aged care services delivered in rural and remote communities. This is because an indexation that may be applicable in a residential care setting may require specific adaptations to be fit-for-purpose in an in-home care setting. For example, the existing MMM zone weighting system is unable to be accessed by care recipients receiving care at home. It is important that a similar weighting system is designed for Support at Home given the similarity in challenges experienced by aged care providers to deliver care in regional, rural and remote areas – as identified in our response to Consultation Question 2.

In regional, rural, and remote areas, the significant geographical distance between client locations contributes to higher transportation and operational costs for in-home aged care providers. For example, some CHA members partner with services like Meals on Wheels to

ensure older people receive adequate nutritional support. However, due to the vast distances between homes, providers are able to deliver fewer services per day compared to metropolitan areas, where travel times are shorter and client density is higher.

Reduced service efficiency, combined with increased fuel, vehicle maintenance, and staffing costs, places a disproportionate financial burden on providers operating in these areas. As such, pricing adjustments must account for the unique logistical challenges and elevated costs associated with delivering care across dispersed populations. Without this recognition, providers may struggle to maintain service quality and coverage in areas where support is most needed.

Each instance of service provision carries fixed costs, regardless of its duration. For services delivered in under an hour, simply pro-rating an hourly rate fails to account for these fixed costs. These may include additional travel time, administrative overhead, and the opportunity cost of not being able to allocate that time to another full-hour service. As such, pricing models must offer flexibility to allow providers to accurately calculate and recover the true cost of delivering shorter-duration services. This ensures financial sustainability while maintaining service accessibility and responsiveness.

**Recommendation 8:** Collaborate with the Department of Health, Disability and Ageing to incorporate findings from the Modified Monash Model (MMM) review into pricing adjustments, ensuring they are tailored and fit-for-purpose for in-home aged care services in regional, rural, and remote areas (and advise the sector of steps taken). As part of these pricing adjustments, consider the evidence base relating to the following factors:

- a. The unique logistical challenges and elevated costs associated with delivering care across dispersed populations; and
- b. Feedback on the need for bundled pricing to appropriately reflect the time and service-mix during an occasion of service.

### **Transient workforce**

It is the experience of CHA and its members that recruiting and retaining aged care workers in regional, rural, and remote areas presents ongoing and costly challenges. One CHA member operating in-home aged care services in Broome, for example, regularly faces workforce shortages and high turnover, which significantly increases the administrative burden associated with onboarding and offboarding staff.

These challenges are compounded by the transient nature of the workforce, driven by competing priorities across the broader health and aged care sectors. Workers often move between roles or locations based on availability, pay, or career progression opportunities, making workforce stability difficult to achieve. This constant churn requires providers to invest heavily in recruitment, training, compliance, accommodation costs, and administrative processes—resources that could otherwise be directed toward direct care delivery.

Moreover, the lack of continuity in staffing can impact the quality and consistency of care, particularly for clients with complex needs who benefit from stable, trusted relationships with their care providers. Without targeted support or pricing adjustments to reflect these workforce realities, providers in remote areas are placed at a disadvantage, struggling to maintain service quality while absorbing higher operational costs.

**Recommendation 9:** Explore the feasibility of a pricing adjustment to address workforce challenges experienced by in-home aged care providers located in regional, rural and remote areas, where workforce challenges may be exacerbated by broader market conditions.

### **Question 5: What factors should IHACPA take into account when considering pricing adjustments for services provided for people from Aboriginal and Torres Strait Islander communities, people from culturally and linguistically diverse backgrounds and other people with special needs?**

CHA has previously commented that it is appropriate for costs to be differentiated as IHACPA proposes;

- by time and day of delivery (standard business hours, weekends and public holidays);
- in regional, rural and remote areas; and
- for services delivered to people with diverse backgrounds and care needs, including Aboriginal and Torres Strait Islander people and other groups.

This section of our response will expand on two cohorts of interest under the broader category of older people with special needs.

#### **Older people with dementia care needs**

Pricing of services should recognise the potential for increased costs to deliver services to people living with dementia. This is particularly important to ensure that pricing mechanisms do not disincentivise dementia care. Pricing needs to enable providers to assess a person's needs and put in place the supports required to meet those needs. Particularly within the context of a 10% cap on care management costs, older people with challenging dementia-related behaviours that would prefer to receive in-home support services could require a greater amount of time spent to address their needs.

CHA believes that further policy work from the Department of Health, Disability and Ageing would be needed to understand and address the barriers to delivering care for older people with dementia care needs under Support at Home. CHA recommends that the dementia and cognitive behaviours supplement be reintroduced for Support at Home. Alternatively, a specialised pathway to address the complexity of service provision for this cohort of older people, similar to the End-of-Life pathway, could be designed to address these needs.

**Recommendation 10:** In the long-term, collaborate with the Department of Health, Disability and Ageing to understand and address barriers to care delivery for older people with dementia care needs under Support at Home. In the short-to-medium term, consider pricing advice that is responsive to the potential for increased costs to deliver services to people living with dementia, ensuring that pricing mechanisms do not disincentivise the provision of dementia care.

#### **Older people with palliative care needs**

CHA and its members are committed to ensuring that all people who need excellent palliative care are able to receive it. With the number of Australians aged 85 and over expected to double in the next two decades, harmonised regulation and pricing approaches will be critical to ensuring equitable and effective palliative care delivery for this growing cohort. It is the view and experience of CHA that while high-quality palliative care is available, access is not universal and is inequitable. CHA is calling on policymakers to expand funding and improve access to palliative care, particularly for further policy work on the end-of-life pathway under Support at Home to be undertaken in the lead up to the commencement of the new Act.

Clients receiving palliative care often require a higher level of support due to the complex and sensitive nature of their health needs, which drives up service delivery costs. These increased costs stem from factors such as intensive care requirements, specialised staffing, and the need for holistic support. However, providers frequently lack access to ongoing supplements or targeted funding to offset these expenses. As a result, the true cost of delivering palliative care is not adequately captured in current pricing data collections.

#### *Specialised model of care*

Palliative care requires a more intensive and multidisciplinary approach than standard in-home care, involving frequent interactions, complex symptom management, and emotional support. It relies on highly skilled staff, including trained nurses and allied health professionals, which drives up staffing costs.

The model also includes psychological, social, and spiritual care, demanding more time per client and a broader team—elements not easily captured in standard pricing frameworks. These challenges are compounded by reduced care management allocations, which previously supported additional time for clients with complex needs.

#### *Unpredictable and Individualised Care Pathways*

The trajectory of palliative care varies significantly between individuals, making it challenging to standardise service delivery or accurately predict resource requirements. This variability adds complexity to both planning and cost estimation. Under the current design of the Support at Home program, eligibility for palliative care is expected to be limited to those in their anticipated final three months of life. However, this restriction risks excluding individuals with uncertain prognoses—particularly those with progressive conditions such as dementia, where symptoms fluctuate and timelines are difficult to determine. Estimating life expectancy is inherently complex, especially for frail older Australians, and relying solely on medical predictions may inadvertently prevent access to appropriate care for those who need it most.

**Recommendation 11:** Explore the feasibility of a pricing adjustment designed to address the barriers to access and provision of palliative care services under the End-of-Life Pathway for Support at Home.

## Chapter 6: Priorities for future pricing advice

### Question 6: What provider or participant-related factors should IHACPA take into account when considering data requirements and the pricing approach for the transition of the CHSP to the Support at Home program?

CHA and its members are concerned about the limited publicly available information regarding the transition from the Commonwealth Home Support Programme (CHSP) funding model to the Support at Home program. Given that CHSP operates under a grant-based model—similar to block funding—the sector requires significantly more detail on how this will shift to an individualised funding approach. Without clear guidance on the transition framework, it is premature to provide informed commentary on the pricing considerations IHACPA should take into account. Greater transparency is essential to support sector readiness and ensure pricing models are appropriately aligned with future service delivery expectations.

CHA is aware of ongoing work by the Department to explore long-term service changes for various sub-specialist services under CHSP, including Specialised Support Services such as Dementia Advisory Services<sup>2</sup>. It is essential that IHACPA continues to collaborate closely with the Department to ensure that any factors emerging from this work are appropriately considered in the pricing approach for the transition from CHSP to the Support at Home program. Aligning pricing with future service design will help ensure sustainability and responsiveness to client needs.

**Recommendation 12:** Collaborate with relevant teams within the Department to understand the factors considered as part of long-term service changes for CHSP.

### Question 7: What future priorities should IHACPA consider when developing pricing advice for the Support at Home service list?

Given the volume of regulatory changes to be implemented under the new Act, it is important to capture and/or quantify the impact of these changes on providers. CHA has previously commented on the need for investment into Support at Home to encourage its investability, and therefore, contributing towards its financial sustainability. The value of Support at Home packages needs to recognise the additional transition costs incurred as part of the transition from HCP to Support at Home. Specific details on CHA member organisations' efforts to support the transition to Support at Home has been outlined below:

- **Engagement with older Australians** – Engagement activity has included providing Government-produced information on the Support at Home Program and its benefits; disseminating learnings about Support at Home between providers to enable a smoother transition; and advising clients that a new service agreement and plan will need to be developed when complete information about SaH is made publicly available.
- **Rapid development of ICT and other systems** – Providers have already undertaken significant investments into ICT systems to facilitate care management,

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<sup>2</sup> <https://www.health.gov.au/sites/default/files/2025-05/commonwealth-home-support-programme-chsp-provider-update-may-2025.pdf>

scheduling, reporting and claims under SaH. Providers anticipate that further investment will be required as technology vendors continue to report varying capacity to support the commencement of SaH on 1 July 2025.

- **Staff training and upskilling** – This has included providers developing and facilitating seminars for care managers to increase understanding of their role in facilitating the transition for older people (based on known information and processes); and development of training programs to educate staff around the new claiming and reporting procedures under SaH. Where appropriate, CHA is also working with providers to disseminate best practice and learnings across providers to speed the training of the aged care workforce across the sector.

Providers must concurrently address significant internal changes to deliver the Support at Home Program, such as updating billing and rostering systems, changes to policy and procedures, alongside renegotiating service agreements. A comprehensive change management strategy is required to train and upskill aged care staff to align with the new requirements under the Act.

The aged care market is diverse. Not all providers have the same infrastructure or resourcing capability to adapt to the proposed policy and regulatory changes at pace. Smaller providers are also often the sole provider of critical care support to older people in regional, rural and remote areas, and will require additional time to embed changes introduced by the new Act. Consideration around the broader implementation processes and its impact on the sector is critical to maintaining and increasing confidence of the community in the delivery of aged care services under the new Act.

**Recommendation 13:** Ensure pricing adjustments in the Support at Home model account for the costs of regulatory changes under the new Act. Specifically clarify which, if any transition costs for SaH or other costs associated with the new Act will be incorporated into the pricing model.

Innovative models of care under the Support at Home program must be appropriately priced to reflect their unique design and delivery requirements. However, providers often face significant compliance and regulatory burdens that limit their ability to trial and implement new approaches. To overcome these barriers, targeted incentives should be introduced to support the piloting of innovative models. One example is through collaborative care commissioning across health, aged and disability sectors.

Collaborative commissioning offers a pathway to more integrated, person-centred care by enabling flexible use of funding, shared accountability, and cross-sector alignment. Yet, current commissioning models are often constrained by rigid rules around funding allocation, service eligibility, and performance measurement. These limitations can discourage collaboration and innovation, especially when reforms such as competitive tendering or activity-based targets reinforce short-term thinking and siloed service delivery that has been evident in the hospital setting.

To unlock the full potential of collaborative models and improve productivity across the care economy, there must be a shift in how performance is measured and incentivised. Commissioning should prioritise shared outcomes—such as improved client experience, reduced avoidable hospitalisations, and better continuity of care—developed in partnership with both health and aged care providers and communities. These outcomes should be

supported by realistic timeframes, capacity-building efforts, and documented in a publicly available action plan to enhance transparency and trust.

By embedding incentives for innovation and collaboration into the Support at Home program, the sector can move toward a more sustainable, responsive, and integrated aged care system.

**Recommendation 14:** Ensure that there are incentives for providers to trial and implement new, innovative models of care under the Support at Home program, and therefore, contribute towards a more sustainable, responsive and integrated aged care system.

## Other considerations

### Price benchmarking with comparable schemes

With reference to Chapter 4.3 on price benchmarking, CHA and its members caution against using prices from comparable schemes—such as the NDIS—as benchmarks for SaH services. Due to significant regulatory differences between aged care and the NDIS, benchmarking similar services across these systems is not appropriate until these inconsistencies are addressed. Attempting such benchmarking may pave way for further pricing disparities and inequitable funding models that restrain the financial sustainability and viability of aged care providers. CHA continues to advocate for shared outcome measures, interoperable reporting systems, and coordinated regulatory oversight to ensure pricing decisions are grounded in transparency, accountability, and sector-specific realities.

**Recommendation 15:** Ensure that regulatory inconsistencies between NDIS, DVA and in-home aged care systems are addressed prior to attempts at benchmarking of prices for similar services, noting that in the long-term aligned prices across the care sectors would support equitable access to care.

### Provider behaviours with pricing

IHACPA must acknowledge the nuanced and often reactionary pricing behaviours that providers adopt in financially constrained environments, particularly when delivering services to more complex clients. CHA and its members are concerned that current cost data collections may not fully capture these reactive pricing decisions, which are shaped by real-time market conditions and the absence of ongoing supplements. As a result, pricing data related to clients from priority cohorts—such as those with special needs or from diverse backgrounds—may be underrepresented. Without mechanisms to account for these adaptive pricing strategies, the data collected risks overlooking the true cost of care for these populations.

A reduction in care management hampers the ability of providers to be compliant and meet the higher quality care needs. IHACPA needs to be cognisant of this in setting prices, and that care management allowed flexibility to allocate funding to meet the higher quality care needs.

CHA understands that there is somewhat of a margin being built into the service list. The prices need to be set correctly so that services operate smoothly and flexibility can be built into the service for clients. The approach for identifying prices should be transparent.

The Department and IHACPA should be cognisant of the enormous risk of making these changes to the funding model without testing. Prices will need to be set flexibly to mitigate these risks.

In practice, the existing model allowed care management and package management to act as a flexible fund for providers to respond to fluctuations in clients' needs and acuity across their case mix. This will be substantially reduced in the new system. To be able to provide quality care that meets the enhanced Aged Care Quality Standards, prices need to adequately cover all aspects of care, including care management and provider administration, and to have sufficient flexibility to work well for aged care recipients and providers. The cost of provider administration needs to include the new, increased costs of administration, including to fund staff to follow up aged care recipients' debts under the new co-contribution approach.

**Recommendation 16:** Ensure that pricing is adequate so that providers can meet compliance and care management aspects of care. This includes care management and provider administration, such as following up care recipients' unpaid debts, funding the anticipated increase in unpaid debts; and all aspects of care.