



Ageing
Australia

IHACPA 2026–27 Pricing Framework Consultation for Support at Home (SaH)

Submission

July 2025

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About Ageing Australia

Ageing Australia is the national peak body representing providers across the aged care sector, including retirement living, seniors housing, residential care, home care, community care and related services.

We represent the majority of service providers, working together to create a sector that empowers older Australians to age with dignity, care and respect.

We advocate for a sector that champions excellence, sustainability and innovation, ensuring our members have the tools, resources and guidance they need to deliver exceptional services.

We use our united voice to amplify our members' contributions and concerns to government, media and the wider community.

We are committed to reshaping the future of ageing in Australia by fostering collaboration and driving meaningful change, making it a fulfilling journey.

Executive summary

Ageing Australia values the opportunity to provide input to IHACPA's development of the 2026–27 Pricing Framework for Support at Home. We also appreciate the opportunity to promote consultation activities supporting the work led by your consultants, Health Policy Analysis, which engaged a diverse range of provider types.

As the national peak body for aged care, our submission draws on insights from providers across home and community care, residential care, and retirement living. It is informed by direct member consultation, including a national pricing workshop held in June 2025.

At a time when cost implications of the new Support at Home program remain uncertain (with Rules yet to be finalised), the design of the pricing framework is of great importance. The framework must support provider sustainability, innovation, workforce capacity, and consumer choice.

The Support at Home program represents a significant reform, and the pricing framework will play a critical role in ensuring provider viability and consumer outcomes.

Ageing Australia calls for a pricing framework that reflects the full cost of delivering high-quality, person-centred care. This must include recognition of increasing reliance on technology, reform transition costs, service and workforce diversity, and the realities of supporting complex clients in thin markets. We support IHACPA's intent to strengthen data collection methods, to ensure future pricing advice reflects provider diversity.

This submission reflects Ageing Australia's commitment to ensuring that pricing reforms align with the wider objectives of the aged care reform agenda—safety, dignity, and

high-quality care for every older person. Our recommendations are grounded in the realities of service delivery and framed with a clear vision for long-term sector sustainability. We urge IHACPA to use its pricing advice not only to calculate efficient prices, but to inform program settings that protect consumer choice, support innovation, and strengthen the capacity of providers across all communities.

Background

Ageing Australia welcomes the important role of the Independent Health and Aged Care Pricing Authority (IHACPA) in shaping evidence-informed pricing for aged care. We support IHACPA's transparent and consultative approach.

We understand that IHACPA's work will play an important role in ensuring that services are viable and that pricing structures foster equity, quality, and access. The experience of pricing in residential aged care has shown the critical importance of getting the first years right, particularly in maintaining market stability, protecting vulnerable consumers, and avoiding perverse incentives.

We note that many matters relevant to pricing – for example, service list design, and program rules – remain the decision of government. However, IHACPA's pricing approach and advice may support government in future program design decisions.

As key design features of Support at Home are still being finalised, IHACPA's advice should be sufficiently flexible to adapt to future changes. It will be important that its advice supports good policy outcomes and is sensitive to the way it may shape provider and participant behaviour, particularly as more people begin contributing to the cost of their services.

The recommendations in this submission build on our previous contributions to IHACPA, and are based on insights gathered through engagement with our members across metropolitan, regional, and remote settings.

Summary of Recommendations

Question 1: Changes to pricing principles

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

- R1** Strengthen the 'sustainability' principle to ensure there is long term provider financial viability, not just continuity of services.
- R2** Introduce a new principle, 'market effectiveness', that supports the development of stable, responsive, and equitable aged care services.

Question 2: Service types, locations and population groups

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

- R3** Provide advice to Government on the limitations of a face-to-face only funding model for allied health services and provide recommendations to increase efficacy of the pricing model.
- R4** Expand data collection beyond 'service types' to capture variations in cost of delivering different 'services', such as Group Social Support to Accompanied Activities.
- R5** Develop care management pricing advice that accounts for variation in complexity of tasks as well as delivery by clinical or non-clinical staff members.
- R6** Advise the Government on additional funding mechanisms, such as supplements or loadings, that will enable sufficient care management for people with higher or more complex needs.
- R7** Pricing should reflect the higher costs of supporting clients with complex needs, including the requirement for a more skilled workforce and increased risk management. These factors apply across all service types and must be incorporated into pricing advice to ensure safe and appropriate care.
- R8** Ensure only providers that meet or exceed the requirements under the strengthened aged care quality standards are included in costing studies.
- R9** Infrastructure and overhead costs should be captured across all service types and visit durations.
- R10** Report the effect of payroll tax discrepancies across states to the Government, to support coordinated national policy.

Question 3: Supporting providers to participate in its cost collections

How can IHACPA better support providers to participate in its cost collections to continue to improve their representativeness?

- R11** Adopt a flexible cost collection model that allows providers to nominate a reporting period within a defined window of time.
- R12** Provide streamlined tools, and integrated digital options aligned to sector capability, to make data provision easier for providers.
- R13** Provide participating providers with feedback and sector-level insights drawn from data collection, to improve understanding of the value of their input and promote continued participation.

Question 4: Pricing adjustments for Rural and Remote areas

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

- R14** Apply a baseline rurality loading across MMM 2–7 areas to account for higher variable costs of delivering services in these settings, such as long travel distances, increased reliance on contractors, and increased cost of consumables.
- R15** Provide advice to the Government on alternative funding approaches, such as block funding, rural loadings, and hybrid models, for circumstances where standard activity-based pricing does not adequately cover provider fixed costs, including for small and/or regional providers with limited capacity to offset overhead costs.
- R16** Include pricing incentives to support aged care and local health service partnerships that enable innovative rural and remote delivery models, including shared clinical roles, pooled travel, and technology enabled outreach.

Question 5: Pricing adjustments for specific communities

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?

- R17** Ensure cost studies and consultations adequately sample providers serving Aboriginal and Torres Strait Islander communities, culturally and linguistically diverse peoples, and those with lived experience of vulnerability and trauma.
- R18** Conduct targeted consultations with Aboriginal community controlled and multicultural organisations to price the operational models, workforce needs, and community engagement required for culturally safe service delivery.
- R19** Ensure that pricing advice reflects the full cost of delivering culturally safe care, including training, bicultural and bilingual staff and relationship-based practices.

Question 6: Pricing approach for the transition of the CHSP to the Support at Home program

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?

- R20** Activity-based funding should include a mechanism to fund and uplift CHSP provider capabilities such as digital systems, corporate and clinical governance, and service delivery infrastructure, to ensure they can meet new program requirements.
- R21** Pricing should reflect the reality that many CHSP providers deliver services to people with higher or more complex needs than originally intended under the program's 'entry level' design.
- R22** Pricing should account for episodic and time-limited CHSP services, including once-off or short-duration interventions, and those that do not have routine service patterns.
- R23** Pricing should account for the decline in service provision by volunteer workforces, and the transition toward paid workforce models where volunteer availability is reducing.
- R24** Monitor changes in demand for Support at Home services due to the consumer contribution framework, to understand possible impacts on CHSP program services post-2027.
- R25** Advise the Government on the potential need for alternative or complementary funding models, such as block or hybrid approaches, for specific service types where activity-based pricing may not adequately reflect delivery costs or support service continuity, also with consideration of provider-level factors outlined in R15.

Question 7: Future priorities

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

- R26** Develop a staged price cap implementation process for price caps to support market stability during a period of significant reform, with the following key timeframes:
 - collect provider expenditure data and monitor market demand throughout the first year of Support at Home implementation (November 2025–December 2026),
 - provide advice to the Government by February 2027 to enable their release of price caps information by March 2027,

- delay the introduction of price caps until July 2027, allowing providers time to budget and re-price services, update systems, and establish new client service agreements.
- R27** Build contingency mechanisms for short-term, episodic, or transition-sensitive services, to avoid service gaps in thin markets due to provider exit.
- R28** Incorporate a digital infrastructure loading that can fund development of technology-enabled service models, including remote monitoring and AI-supported care.
- R29** Ensure baseline pricing reflects the full cost of compliance with the strengthened aged care quality standards and WHS obligations, and implement pricing tiers that accommodate client complexity.
- R30** Collaborate with the Government and the sector to align pricing advice timelines with broader fiscal planning cycles and key reform milestones, also taking into account the Annual Wage Review. Introduce a mid-cycle review mechanism to ensure pricing remains responsive to workforce cost pressures and adequacy of indexation.
- R31** Provide advice to the Government to support refinement of the service list so that it better reflects cost variations across different service types and delivery models.

Response to consultation questions

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

The current pricing principles provide a sound starting point, but refinement is needed to better account for service complexity and the true costs associated with implementing and delivering the new program. These factors of complexity and the associated costs should be explicitly reflected in the principles to ensure the sector can grow at a consistent rate to community need.

Key matters for consideration include how the new 'sustainability' principle is defined and applied. Transitioning to the reformed system will involve significant costs — including the expense of meeting new regulatory requirements (with 13% of the standards being entirely new¹) and additional community-specific implementation costs. We recommend that the definition be strengthened to incorporate these factors.

R1 Strengthen the 'sustainability' principle to ensure there is long term provider financial viability, not just continuity of services.

Further to this, while existing pricing principles address efficiency and access, there is no explicit recognition of how pricing supports market viability in more vulnerable communities. Lessons from the NDIS Review² include the need for pricing models to incentivise quality, support provider viability, and reflect the true cost of delivering complex, person-centred care – principles that should also guide home care pricing. We recommend the inclusion of a new principle focused on sector effectiveness, recognising how pricing supports the ability of providers to meet the needs of people and communities, particularly those experiencing greater vulnerability.

R2 Introduce a new principle, 'market effectiveness', that supports the development of stable, responsive, and equitable aged care services.

¹ Department of Health, Disability and Ageing, 'What's different in the strengthened Quality Standards', last updated 11 June 2025.

² NDIS Review, *The role of pricing and payment approaches in improving participant outcomes and scheme sustainability*, May 2023, p.2.

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

Service types requiring additional focus:

Certain service types, populations, and delivery settings have distinct cost profiles that are not adequately captured under current collection methods. We recommend targeted adjustments to ensure pricing advice is based on accurate and meaningful cost data, as described below.

Allied Health

Allied health services often involve significant non-contact time for preparation, documentation, communication, and care planning, which is not captured in face to face only funding models. This is particularly important for services delivered in rural and remote areas where travel time varies widely.

- R3** Provide advice to Government on the limitations of a face-to-face only funding model for allied health services and provide recommendations to increase efficacy of the pricing model.

Social Support services

Social Support covers a broad spectrum of delivery methods from one-to-one home visits to therapeutic group programs and structured re-engagement in community life. Costs vary based on staff qualifications, supervision intensity, transport needs, and infrastructure. These differences must be recognised to support equitable and viable service delivery.

Transport

Transport provision in aged care ranges from short, local trips to regional journeys exceeding hundreds of kilometres. A single flat rate does not account for key cost variables such as distance, duration, vehicle type, or driver requirements. A variable pricing matrix is needed, along with improved cost data that distinguishes between trip types such as group outings, long-distance medical transport, and volunteer-supported services which will inform a fair and sustainable pricing structure³.

Personal care services

Personal care is a foundational service type which includes a wide spectrum of complexity. Support may range from standby assistance during showering to intensive support requiring lifting equipment, specialised training, or clinical oversight. Pricing must reflect this variation, including the additional risk and regulatory requirements associated with more complex care.

³ University of South Australia, *Community Transport Pricing Pilot: Research Update*, August 2024.

- R4** Expand data collection beyond 'service types' to capture variations in cost of delivering different 'services', such as Group Social Support to Accompanied Activities.

Care management

Pricing for care management must reflect the diverse responsibilities, workforce characteristics, and service delivery contexts associated with this task such as:

- difference between clinical and non-clinical care qualifications, remuneration, and scope of responsibility,
- fluctuating client loads (e.g., due to package releases), productivity impacts such as travel, mentoring and supporting care workers,
- variations in qualifications and wage rates for non-clinical care managers,
- the Royal Commissions (recommendation 118)⁴ advocacy for care management based on assessed need.

- R5** Develop care management pricing advice that accounts for variation in complexity of tasks as well as delivery by clinical or non-clinical staff members.

- R6** Advise the Government on additional funding mechanisms, such as supplements or loadings, that will enable sufficient care management for people with higher or more complex needs.

Client complexity and workforce:

Variations in a person's health, environment, and life circumstances can influence the cost of service delivery. People with more complex needs require a workforce that is higher skilled, receives greater supervision and mentoring, and more time spent on risk management. This complexity can extend to all service types including category 1-3.

Examples of high-clinical needs cohorts include:

- people living with cognitive impairment who have intensive support needs, especially those without formal or informal carers,
- individuals receiving palliative care who are accessing the ongoing service program,
- individuals requiring bariatric care, where specialised equipment, additional staffing, and specific training contribute to significantly higher operational costs,
- individuals at risk of homelessness.

- R7** Pricing should reflect the higher costs of supporting clients with complex needs, including the requirement for a more skilled workforce and increased risk management. These factors apply across all service types and must be incorporated into pricing advice to ensure safe and appropriate care.

⁴ Royal Commission into Aged Care Quality and Safety, [Final Report: Care, Dignity and Respect](#), vol 1, March 2021, p 289.

Accounting for compliance:

Aged care providers are required to meet high regulatory standards across a range of agencies. Pricing advice must reflect the true cost of meeting these standards. Cost data submitted by providers that do not meet regulatory requirements should be carefully reviewed to avoid skewing the data and impacting sector viability.

- R8** Ensure only providers that meet or exceed the requirements under the strengthened aged care quality standards are included in costing studies.

Services with infrastructure and overhead costs:

Services such as transport, centre-based respite, meals, and group activities involve substantial fixed costs. These include expenses for buildings, vehicle fleets, insurance, and compliance, which do not vary with service duration.

Shorter visits, such as a 15-minute medication check, also absorb a higher share of overhead per unit and should not be priced through simple pro-rata hourly calculations. Pricing must reflect these fixed infrastructure costs to ensure service viability.

- R9** Infrastructure and overhead costs should be captured across all service types and visit durations.

State payroll tax discrepancies:

Payroll tax imposes a significant variable cost across jurisdictions. In a nationally administered program, this creates uneven playing fields where providers in high-tax states are disadvantaged in capped pricing environments. A consistent national approach is needed to ensure services remain viable and attractive to deliver in all regions.

- R10** Report the effect of payroll tax discrepancies across states to the Government, to support coordinated national policy.

Other matters for which we seek consideration include episodic, environmental, and volunteer-dependent models with higher costs (e.g., reablement models, disaster preparedness for those in high-risk areas and volunteer-dependent model costs).

Responses to questions 4 and 5 also include focus areas for pricing calculations.

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

Ageing Australia acknowledges the importance of representative data in informing IHACPA's pricing advice. Our recommendations focus addressing known barriers and introducing incentives that support engagement.

We recommend implementing a flexible data collection model that allows providers to nominate a reporting period within a defined window. This approach would support greater participation by giving providers the opportunity to align data collection with their operational capacity. While we recognise this may introduce some variation in data, the benefits of collecting insights from a more diverse and representative provider cohort are likely to outweigh this risk. At this stage of reform, building a strong evidence base should be the priority.

R11 Adopt a flexible cost collection model that allows providers to nominate a reporting period within a defined window of time.

Participation requires significant resourcing and is particularly challenging for providers with lower digital maturity or smaller operational scale. To support participation IHACPA could providing real time, trouble-shooting support, simplified templates or system integration options (e.g. API-based reporting or data pre-filling). Funding arrangements to support provider resourcing should also be explored with the Department.

R12 Provide streamlined tools, and integrated digital options aligned to sector capability, to make data provision easier for providers.

Providers are more likely to participate when there is a direct benefit. Offering feedback that helps providers interpret how their data compares to the sector benchmarks could be a benefit and encourage continued engagement.

R13 Provide participating providers with feedback and sector-level insights drawn from data collection, to improve understanding of the value of their input and promote continued participation.

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

Delivering aged care in rural, regional, and remote (RRR) Australia involves unique and unavoidable costs that are not adequately addressed under current pricing mechanisms. If these realities are not properly reflected in pricing advice, the risk of service reduction is possible, particularly in locations where aged care providers are the only available support for older people.

To ensure equity of access and maintain service continuity in thin markets, IHACPA's pricing framework should include the full range of geographic costs. These should include both pricing adjustments and advice on broader funding mechanisms to enable long-term service viability.

Travel and logistics

Travel is one of the most significant cost drivers in rural and remote care. Providers have substantial expenses associated with fuel, vehicle maintenance, and non-billable travel time, particularly for staff travelling long distances between clients, consumables including food and meal delivery.

Travel costs also particularly impact Allied Health services, which are often brokered in from outside the region. Without specific pricing adjustments, these services may become unviable in remote areas, reducing access for clients who already face limited options.

Workforce availability and incentives

Attracting and retaining skilled workers requires above-award wages, relocation incentives and support, accommodation arrangements (including renting, retrofitting, or repurposing properties to house workers), and additional training — particularly where local workforces are limited or unavailable.

Infrastructure

Rural and remote services often incur higher fixed costs for infrastructure, utilities, and supplies compared to urban settings.

Technology and digital access

To reduce the impact of distance and workforce gaps, providers must invest in digital innovation including telehealth platforms, remote care monitoring, and mobile systems. These tools do not always receive sufficient funding for direct implementation or innovation.

Small provider disadvantage

Many RRR providers operate at small scale, limiting their ability to absorb fixed costs across large operations. A greater proportion of their unit price is consumed by fixed business costs, making them more vulnerable to pricing pressures.

Jurisdictional and geographic variation

Some jurisdictions, such as Tasmania and the Northern Territory, experience remote conditions system-wide, further intensifying cost pressures.

- R14** Apply a baseline rurality loading across MMM 2–7 areas to account for higher variable costs of delivering services in these settings, such as long travel distances, increased reliance on contractors, and increased cost of consumables.
- R15** Provide advice to the Government on alternative funding approaches, such as block funding, rural loadings, and hybrid models, for circumstances where standard activity-based pricing does not adequately cover provider fixed costs including for small and/or regional providers with limited capacity to offset overhead costs.
- R16** Include pricing incentives to support aged care and local health service partnerships that enable innovative rural and remote delivery models, including shared clinical roles, pooled travel, and technology enabled outreach.

Pricing should also reflect the culturally safe and trauma-informed care delivery models required in rural and remote areas — particularly for First Nations Elders, culturally and linguistically diverse communities, and people with lived experiences of trauma. Further detail is provided in the response to Question 5.

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?

Providing culturally safe, trauma-informed care is a foundational element of high-quality aged care. The sector has commitment to providing services ensuring a persons dignity, identity, choice, and cultural safety. Pricing advice must reflect the true cost of delivering care that meets the diverse needs of Aboriginal and Torres Strait Islander people, people from culturally and linguistically diverse backgrounds, and those with specific vulnerabilities.

Providers consistently report that meaningful engagement and culturally safe practice require relational investments, higher skill levels, and additional service features. There is a risk to equity if these are not adequately reflected in pricing.

Cost drivers for culturally safe and trauma-informed care include aspects such as:

- advanced training in cultural safety, access to interpreting and translation services, access to bicultural or bilingual staff,
- partnership and relationship building with community,
- models of governance that maintains standards in an environment where there are regular routine and care plan changes,
- heightened advocacy and navigation roles for staff,
- smaller providers have limited scale to absorb additional costs or invest in specialised staffing and infrastructure.

R17 Ensure cost studies and consultations adequately sample providers serving Aboriginal and Torres Strait Islander communities, culturally and linguistically diverse and people with lived experience of vulnerability and trauma.

R18 Conduct targeted consultations with Aboriginal community controlled and multicultural organisations to price the operational models, workforce needs, and community engagement required for culturally safe service delivery.

R19 Ensure that pricing advice reflects the full cost of delivering culturally safe care, including training, bicultural and bilingual staff and relationship-based practices.

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?

The Commonwealth Home Support Programme (CHSP) has been highly successful in enabling significant numbers of older Australians to maintain independence, prevent deterioration, and remain at home for longer. As the intended entry point to aged care, CHSP plays a distinct and vital role in the overall system including supporting people with once-off or reablement needs where the administrative costs are greater as a proportion of the visit funds.

The transition of CHSP to Support at Home requires careful consideration of provider capability, client complexity, and the episodic nature of service delivery. This is required regardless of whether CHSP transitions as part of the core program, or as a future sub-program, with activity-based funding or grant funding.

The scale, reach and diversity of CHSP should be understood when considering the transition as well as the nature of providers delivering services. Many CHSP providers are smaller, not-for-profit organisations with diverse operational models. Some specialise in a service type, and many face more limited administrative and digital capabilities

compared to Home Care Package (HCP) providers. Many CHSP providers do not have the reserves to absorb insufficient funding. A pricing model that assumes uniform service structures or digitally mature systems would compromise service continuity.

We outline critical pricing factors to support continuity and avoid service disruption below.

- R20** Activity-based funding should include a mechanism to fund and uplift CHSP provider capabilities such as digital systems, corporate and clinical governance, and service delivery infrastructure, to ensure they can meet new program requirements.
- R21** Pricing should reflect the reality that many CHSP providers deliver services to people with higher or more complex needs than originally intended under the program's 'entry level' design.
- R22** Pricing should account for episodic and time-limited CHSP services, including once-off or short-duration interventions, and those that do not have routine service patterns.
- R23** Pricing should account for the decline in service provision by volunteer workforces, and the transition toward paid workforce models where volunteer availability is reducing.
- R24** Monitor changes in demand for Support at Home services due to the consumer contribution framework, to understand possible impacts on CHSP program services post-2027.
- R25** Advise the Government on the potential need for alternative or complementary funding models, such as block or hybrid approaches, for specific service types where activity-based pricing may not adequately reflect delivery costs or support service continuity, also with consideration of provider-level factors outlined in R15.

The success of Support at Home depends on the continuity of CHSP service providers. As the trusted entry point to aged care, CHSP service types and models must receive a pricing framework that preserves what is working well, while enabling providers to evolve. IHACPA's approach can play a central role to inform government as it deliberates on the future of this program, including timing of entry into Support at Home.

We recognise that work is still underway to determine how CHSP might be integrated into the Support at Home program or sub-programs, and which funding models will be utilised. In this context, Ageing Australia recommends IHACPA be acutely mindful of advice on service sustainability throughout this process.

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

As the Support at Home program evolves, IHACPA's pricing advice will be an important part in shaping a sustainable, high-quality, and future-ready aged care system. While efficiency remains a valid goal, pricing must also reflect the expectations of the new

legislative framework — particularly in relation to safety, innovation, and the sector's long-term shift toward rights-based care.

The new Aged Care Act gives effect to the International Covenant on Economic, Social, and Cultural Rights which includes 'the right of everyone to the enjoyment of the highest attainable standard of physical and mental health'⁵. This, alongside the Statement of Rights, reinforces the imperative to improve individual care quality and uphold older people's entitlements to safe, person-centred support.

Our recommendations aim to ensure that pricing mechanisms remain responsive and fit for purpose as the new system matures.

Phased implementation of price caps

Ageing Australia supports a staged introduction of price caps, but recommends that caps should not come into effect until at least July 2027. This is particularly important due to the revised legislative timeline and lack of robust cost data under the new program. The current cost to deliver services under Support at Home program is unknown, and the shift to Support at Home is expected to trigger changes in market behaviour that will take time to observe and understand.

Imposing caps prematurely risks compromising provider viability and unintended consequences of reduction in service accessibility, particularly in thin markets. A delay would enable providers to stabilise pricing structures, negotiate new service agreements with clients, and allow IHACPA time to refine pricing assumptions using real-world expenditure data.

R26 Develop a staged price cap implementation process for price caps to support market stability, during a period of significant reform, with the following key timeframes:

- collect provider expenditure data and monitor market demand throughout the first year of Support at Home implementation (November 2025–December 2026),
- provide advice to the Government by February 2027 to enable their release of price caps information by March 2027,
- delay the introduction of price caps until July 2027, allowing providers time to budget and re-price services, update systems, and establish new client service agreements.

R27 Build contingency mechanisms for short-term, episodic, or transition-sensitive services, to avoid service gaps in thin markets due to provider exit.

Technology investment and digital maturity

Investment in digital capability is essential to delivering quality aged care into the future. Costs to meet ICT demands, including system upgrades, cybersecurity, interoperability,

⁵ International Covenant on Economic, Social and Cultural Rights, opened for signature 16 December 1966, 993 UNTS 3 (entered into force 3 January 1976) art 12 ('ICESCR').

reporting tools, and consumer-facing technologies are not currently factored into pricing but critical to achieving long-term efficiencies and safety gains.

Smaller providers are especially impacted, with fewer economies of scale to absorb the cost of digital investment. A mechanism to fund technology is essential to support innovation and equity across the sector.

R28 Incorporate a digital infrastructure loading that can fund development of technology-enabled service models, including remote monitoring and AI-supported care.

Compliance, safety and workforce costs

The strengthened Aged Care Quality Standards, and growing work safety expectations introduce significant new responsibilities and costs for providers, including those related to lone worker protections, and psychosocial wellbeing. Expectations around clinical capability, complexity, and personalisation of care are also rising.

R29 Ensure baseline pricing reflects the full cost of compliance with the strengthened aged care quality standards and WHS obligations, and implement pricing tiers that accommodate client complexity.

Governance, timing, and price review mechanisms

The aged care reform environment is dynamic, with fiscal decisions, program design changes, and workforce shifts happening quickly. IHACPA's pricing methodology should be responsive to these shifts and include mechanisms for feedback and mid-cycle review.

R30 Collaborate with the Government and the sector to align pricing advice timelines with broader fiscal planning cycles and key reform milestones, also taking into account the Annual Wage Review. Introduce a mid-cycle review mechanism to ensure pricing remains responsive to workforce cost pressures and adequacy of indexation.

R31 Provide advice to the Government to support refinement of the service list so that it better reflects cost variations across different service types and delivery models.

Through its pricing advice, IHACPA will help shape the future direction of aged care in Australia. Its role will be fundamental in ensuring the sector is well-placed to achieve the first principle of the Aged Care Taskforce Final Report to 'The aged care system should support older people to live at home for as long as they wish and can do so safely.'

Ageing Australia encourages a forward-looking pricing approach that values innovation, incentivises quality, and ensures care remains accessible for all older Australians in need.



Thank you again for the opportunity to provide feedback to this consultation process. Ageing Australia remains dedicated to advocating for a high-performing, sustainable, and compassionate aged care sector, and we welcome further conversation. If you would like to discuss this submission or have any questions, please contact Anne Liddell, Head of Strategic Policy, at Anne.Liddell@ageingaustralia.asn.au or Anita McStay, Senior Policy Advisor, at Anita.McStay@ageingaustralia.asn.au.