



Ageing
Australia®

Submission to IHACPA 2027-2028 Pricing Framework Consultation for Support at Home

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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.

Overview

Home and community care providers are navigating significant reforms. The higher administrative and compliance requirements, with unanticipated transition costs, have impacted operational and financial performance. Providers are endeavouring to provide continuity of care to participants who are themselves trying to understand new market pricing, co-contributions, and decide on the service mix they can achieve within their packages. Changes in service choice are evolving.

The costs of many factors in delivering services are not yet clear, including the costs of care management, transport, the impact of pricing outliers, and administrative and compliance costs – evidence on this is slowly emerging over time. The sector is still in a transitional phase, where pricing, claiming and administrative settings are not yet sufficiently mature to inform price settings.

Providers are anxious about meeting participants' needs during this time of uncertainty, while keeping a stable, well-planned and viable operating environment. A range of financial impacts are compounding this anxiety, including the unexpected disruption caused by higher fuel prices, emerging patterns of lower package utilisation than forecast (between 60–70%), cashflow delays and increased administration costs to implement the new program.

We acknowledge the challenges IHACPA will face in identifying cost drivers that vary across service type and care models, by time of delivery, in different locations and within different supply markets. Given projected increases in demand and ongoing workforce challenges, and the ever-real potential for market disruption, the pricing approach needs to support flexible, innovative and efficient delivery to meet the best outcomes for the growing number of older people who need support to age well at home.

In this submission we highlight the experiences of our members as they implement the new Support at Home program, including key challenges and cost pressures. We believe these insights may be the most relevant contribution we can make to this consultation, given the 2026-27 methodology and approach have not been released.

Our previous recommendations for Support at Home pricing remain current. Additional recommendations are provided below, informed by recent advice from our members across metropolitan, regional and remote settings.

List of recommendations

R1: Run a supplementary consultation process for the Pricing Framework for Australian Support at Home Aged Care Services 2027–28 once the Pricing Framework for Australian Support at Home Aged Care Services 2026-27 is released.

R2: Recognise Support at Home transition costs and include mechanisms to apportion these costs over a period.

R3: Account for program design settings that result in costs being recorded against service types or programs other than those generating the activity, so that service-level costings reflect the true cost of delivery.

R4: Include sufficient flexibility in the pricing framework to enable changes in input costs and the different service models required to meet participants' needs and complexity.

R5: For the transition of CHSP to Support at Home:

- Incorporate an estimate of the full extent of transition costs, including staff training, as well as ongoing additional costs.
- Accommodate the operational costs of services delivered in community or group settings.
- Incorporate additional care management and include non-face-to-face and relationship-based activities, including community engagement, cultural liaison, and trust-building.

R6: Ensure pricing advice for rural and remote services is informed by the service type being delivered, where it is being delivered and what it costs in that setting, rather than a uniform adjustment.

R7: Ensure pricing advice reflects the additional costs of delivering culturally safe, trauma-aware and healing informed care for First Nations elders and diverse and vulnerable people, across a variety of service models.

Effective pricing through sector-wide consultation

As Support at Home is a new program, the pricing framework is foundational to informing government, providers, participants and the community about costs and pricing for service delivery. While we appreciate the opportunity to provide early feedback on the Pricing Framework for Australian Support at Home Aged Care Services 2027–28 (the 2027–28 pricing framework), our capacity to do so meaningfully is constrained in the absence of the finalised Pricing Framework for Australian Support at Home Aged Care Services 2026–27 (the 2026–27 pricing framework).

Given that the 2026-27 pricing framework will define the scope and methodology used to develop the first years of pricing advice, stakeholders would benefit from first understanding those settings and their intended operation before considering refinements for subsequent years. We therefore recommend that IHACPA runs a supplementary consultation process for the 2027-28 pricing framework, once the 2026-27 pricing framework is released.

Recommendation 1: Run a supplementary consultation process for the Pricing Framework for Australian Support at Home Aged Care Services 2027–28 once the Pricing Framework for Australian Support at Home Aged Care Services 2026-27 is released.

Current and emerging challenges for Support at Home pricing

General comments

Provider experience since 1 November 2025 identifies several cost pressures that IHACPA's pricing approach will need to address. Outlining these challenges is the most relevant contribution we can make to this consultation, in the absence of the final 2026-27 pricing framework.

Current pricing, claiming, and expenditure allocation do not yet provide a reliable basis for assessing the real cost of service delivery. Providers are still identifying the costs

arising from new program activities, and how those costs should be appropriately attributed and recovered.

Transition and implementation

Transition costs are a major sector pressure and may need to be recognised over several years to avoid distortion in service-level costs. Experience to date indicates that the transition from Home Care Packages to Support at Home has required significant expenditure across provider operations, including system design and implementation, workforce training, governance uplift, service redesign and participant communications. Information technology costs have been particularly significant, with many providers purchasing new systems while also undertaking substantial manual uploads and other workarounds.

These costs should not be treated as sunk and excluded from the costing study. They should be recognised and apportioned over an appropriate period. Pricing advice for 2027–28 should therefore reflect both expended and ongoing transition costs, given the scale of investment already made and the continuing costs that have materially exceeded the funding available to absorb them.

Recommendation 2: Recognise Support at Home transition costs and include mechanisms to apportion these costs over a period.

Program design and interactions with connecting programs

Program design settings may shift costs between service types and programs. While some of these settings are outside IHACPA's remit, the cost collection should still identify where they affect service-level costs and cost recovery.

In particular, cost collection should:

- capture care management activity undertaken by staff outside designated care management roles, such as team leaders and staff providing leave cover, as these costs will impact the unit cost of service delivery
- capture differences in care management cost between providers with a more clinical care management model and those with a predominantly non-clinical model
- test whether care management costs exceed the available care management funding pool, and report any shortfall to government to inform future policy decisions on the adequacy of that pool
- identify the care management costs associated with the short-term assistive technology and home modifications (AT-HM) program that are currently absorbed organisationally because there is no direct recovery mechanism within the AT-HM program.
- assess how shared costs are allocated where activity spans CHSP and Support at Home, including training costs for staff who support participants across both programs.

IHACPA should also test whether the 10 per cent overhead cap for participant-directly sourced services is resulting in procurement and brokerage costs being absorbed into the unit cost of other services and identify any resulting cross-subsidisation.

Recommendation 3: Account for program design settings that result in costs being recorded against service types or programs other than those generating the activity, so that service-level costings reflect the true cost of delivery.

Emerging administration costs

The move to a rights-based legislative framework, together with higher requirements of quality and accountability, has increased the costs of delivering a unit of service. Providers are incurring additional expenditure on claiming and reconciliation, documentation, compliance and governance, collection of co-contributions, participant billing, debt management and recovery, and the administration of associated providers, including maintaining portal records. Many of these costs are still being assessed and will become clearer as the program matures and providers receive program assurance and compliance guidance.

Flexibility and market pressures

IHACPA's methodology should allow for flexibility in pricing advice for two reasons. First, the cost of delivering services can change in response to market conditions and other external factors. Recent fuel price increases provide a clear example. Businesses operating in the broader market, including associated providers engaged in home care delivery, may be able to increase their prices to recover rising costs. Support at Home providers, do not have the same flexibility within funded program settings and the introduction of price caps would further constrain their ability to respond. As such, the sector needs to be assured that the pricing advice provided to Government by IHACPA for 2027-28 is based on the cost of delivering Support at Home services in 2026, increased by a realistic indexation factor.

Second, different participants and cohorts may require different service models, and those models will carry different cost pressures. Pricing methodology and advice for Support at Home needs to incorporate sufficient flexibility to enable providers to maintain a high quality of service delivery to those participants with increased complexities.

Recommendation 4: Include sufficient flexibility in the pricing framework to enable changes in input costs and the different service models required to meet participants' needs and complexity.

Pricing approach for the transition of CHSP to Support at Home

General comments

For providers currently delivering services under Support at Home and CHSP, it is likely that the direct cost of service provision will be the same for similar/identical service

types. However, a provider currently only delivering services under CHSP may have different costs or account for them differently (e.g. costs associated with care management or case management may be treated as administrative costs as they are not a funded service type).

Many persons in the CHSP only access one type of service and it may not be on a regular basis – this is very different to the Support at Home model where the majority of services are recurrent in nature with some one-off services provided when required.

IHACPA should ensure that the pricing and cost collection frameworks explicitly capture non-face-to-face and relationship-based activities, including care coordination, community engagement, cultural liaison, and trust-building. These are core components of service delivery for priority populations but are often under-represented in transactional data models.

Workforce pressures also remain acute, with rising wages, particularly for nurses and allied health professionals. Furthermore, there is an increasing pressure for CHSP 'entry-level' service providers to deliver care to participants with higher and more complex needs.

CHSP providers may also be impacted by a shift away from volunteer-based models towards a fully paid workforce. Providers of meals and direct transport services may be particularly vulnerable to this change. This will have an impact on future costs for the program. Similarly, providers who use a paid workforce should not be penalised by a service price being based on inclusion of volunteer labour by some providers.

To inform its understanding of CHSP activity and costs, IHACPA should use DEX activity data in relation to units of service being provided.

Transition costs

Experience to date with the transition from the home care packages program to the Support at Home program indicates that both transition costs (such as staff training) and ongoing additional costs are significant.

IHACPA should use data and evidence from Support at Home providers when considering what the transition costs and ongoing additional costs will be for the transition of the CHSP to the Support at Home program. It is essential that pricing is sufficient to support providers and allow providers to support participants in the transition period to Support at Home as well as in the settling-in period after transition.

Evidence supporting these pressures includes provider-reported transition costs, documented shifts in executive time allocation (with up to 50% focused on reform activities), and increased expenditure on administrative staffing and systems. IHACPA should include explicit transition funding within the pricing model.

Understanding the effect on providers from moving from a block funded model (even if monthly in arrears) to a fee for service delivered model should also be taken into consideration in any transition pricing period. Providers will need to adapt their staffing models and become more flexible based on changes to service volumes due to seasonality and other factors.

Impact of individualised, activity-based funding model

It is important for IHACPA to recognise that not all CHSP service types are well suited to the individualised, activity-based funding model under Support at Home particularly those delivered at a community or group level. For example, community transport services such as community buses operate on fixed routes and schedules, where costs are incurred regardless of individual occupancy. Other examples include centre-based respite (cottage respite), group social support programs, and meals delivered in bulk to community kitchens.

IHACPA's pricing model needs to reflect the operational costs of delivering these services to support provider viability and client accessibility.

Care management

The reform is also likely to require a significant expansion in care management staffing. Under CHSP, coordinators typically manage high caseload numbers in a block-funded environment, whereas the Support at Home model requires ongoing, individualised care management for each participant. This inherently reduces the number of participants that can be supported per worker and increases time spent per client due to planning, monitoring, and compliance obligations. Although specific ratios are not formally set out in government documentation, it is expected that lower caseloads will be necessary, reinforcing the need for more workers.

Recommendation 5: For the transition of CHSP to Support at Home:

- Incorporate an estimate of the full extent of transition costs, including staff training, as well as ongoing additional costs.
- Accommodate the operational costs of services delivered in community or group settings.
- Incorporate additional care management and include non-face-to-face and relationship-based activities, including community engagement, cultural liaison, and trust-building.

Addressing consultation paper questions on specialised populations and services provided in rural and remote locations

The input and recommendations we provided to the 2026-27 pricing framework consultation remain current. We outline below some recent insights from our members, since the commencement of Support at Home, that inform cost drivers for services to these populations.

Rural and remote delivery

Consultation questions 4 and 5

Our previous submission on the 2026-27 pricing framework discussed key challenges and pricing impacts for delivering care to Australians living in regional, rural and remote locations. With the implementation of Support at Home, rural and remote providers have emphasised the need for the costing methodology to capture key cost variations. These

variations may include travel to low density areas, length of trip to centre-based services, and the higher costs of delivering equipment and other essential items.

Recommendation 6: Ensure pricing advice for rural and remote services is informed by the service type being delivered, where it is being delivered and what it costs in that setting, rather than a uniform adjustment.

Aboriginal and Torres Strait Islander communities and diverse populations

Consultation questions 6, 7 and 8

For Aboriginal and Torres Strait Islander communities, some culturally and linguistically diverse cohorts, people experiencing homelessness, and other vulnerable older people, engagement, trust-building and culturally safe communication are core components of service delivery. These costs are particularly visible in initial participant engagement, psychosocial support and coordination across multiple providers including in highly isolated Aboriginal communities. Transactional or time-based pricing models may underestimate the true cost of delivering these services.

We stress the importance of targeted consultations with Aboriginal community-controlled organisations and multicultural and representative diverse organisations to price the operational models, workforce needs and community engagement required for culturally safe, trauma-aware, and healing-informed communication and care.

Recommendation 7: Ensure pricing advice reflects the additional costs of delivering culturally safe, trauma-aware and healing informed care for First Nations elders and diverse and vulnerable people, across a variety of service models.

Addressing consultation paper questions on provider participation in cost collections

Consultation questions 1 and 2

We recommend that IHACPA considers targeting the following providers, to build an understanding of various costing impacts and approaches across the sector:

- providers with alternative delivery methods for services, and compare their cost profiles with similar services delivered differently (e.g. in the home/in a clinic or central hub/telehealth)
- providers using a brokered model compared to in-house provision of service
- providers with a large contingent of self-managed packages.

In addition to our input on provider participation for the consultation for the 2026-27 pricing framework, we recommend that IHACPA considers the following strategies:

- move toward a 'collect once, use many times' data architecture, integrating cost collection with existing systems such as My Aged Care, Services Australia and provider platforms, to reduce duplication and improve data quality.

- introduce a tiered participation approach, with minimum datasets and simplified reporting requirements for smaller providers, and more detailed reporting for larger organisations with greater administrative capacity.
- clearly articulate how cost data is used in pricing decisions, including publishing worked examples that demonstrate the impact of cost data on pricing outcomes.
- consider grants or payments to offset the resourcing burden of cost collection, or support the cost of assistance for smaller providers to collate and provide the data required.
- tailor cost collection models for:
 - small providers with limited administrative capacity
 - Aboriginal and Torres Strait Islander providers, including culturally appropriate engagement and respect for data sovereignty
 - providers supporting diverse populations, recognising additional costs associated with interpreters and cultural liaison.