Ageing Australia submission to Hospital Discharge Joint Taskforce

Delayed discharge is often framed as a problem of insufficient aged care capacity or hospital funding. While increasing service capacity is part of the solution, this framing oversimplifies a more complex challenge: a mismatch not only between supply and demand, but between the design of Australia's health and aged care systems and the changing needs and preferences of an ageing population.

Looking beyond the acute issue, Australia will require structures and mechanisms that continue to support older people with complex needs as they move through the health system. It will also require improving access to aged care by improving the sector's viability.

Aged Care viability

Aged care providers are operating in a more complex and costly environment, with rising operational costs, capital renewal needs and heightened regulatory requirements. Funding has increased following the Royal Commission, but it is not keeping pace: In 2024-25, providers reported an average loss of $12.05 per resident per day on accommodation, factoring in depreciation and capital renewal.[1] The most recent data show 62% of homes are operating at a loss.[2]

This is an increasingly urgent issue. Demand for beds is projected to increase by 10,418 beds per year for the next 20 years.[3] Despite this, only an estimated 800 beds were built in 2025.[4] Reports place the aged care occupancy rate at 95.2%. In March 2026, the number of people across all stages of the waiting list for Support at Home packages exceeded 250,000.[5]

Immediate actions to support sector viability include:

- Increase the Accommodation Supplement to at least $84 per bed per day to support sustainable, investable residential aged care homes
- Establish a price floor for the Maximum Permissible Interest Rate (MPIR) at eight per cent to support sector investment and market stability
- Review the Australian National Aged Care Classification (AN-ACC) funding model to support viable delivery of high-quality care to older people
- Expand the Aged Care Capital Assistance Program (ACCAP) to support capital development in areas of highest priority.

Risk and regulation

Regulatory, compliance and performance requirements significantly influence decisions about accepting high-risk residents. Reduced risk tolerance under the strengthened Aged Care Quality and Safety Standards and Serious Incident Response Scheme has created perverse incentives, making some providers reluctant to accept discharged patients. The STAR Rating system can also penalise providers with more residents with higher-level needs.

Evidence-based policy

Current data captures how many people experience delayed discharge, albeit inconsistently, but tells us far less about why. Older people remain in hospital for different reasons, reflecting different

[1] StewartBrown (2025). *Aged Care Financial Performance Survey Report: Twelve months ending 30 June 2025*.
[2] StewartBrown (2026). *Residential Aged Care Financial Performance Survey*
[3] Department of Health, Disability and Ageing (2026). *Financial Report on the Australian Aged Care Sector 2024-25*.
[4] Hicks T (2025). *2024/25 residential care bed supply analysis*. Bolton Clarke.
[5] Ageing Australia (2026) *Submission to Productivity Commission: Reducing Barriers to Business Dynamism*.

clinical needs, care pathways, service gaps and personal preferences. Without data that distinguishes between these cohorts, policy responses risk being narrowly designed for an "average" patient.

There are not simply 3,100 older people ready for discharge and awaiting an aged care place, as is regularly reported. Many require more support than aged care providers can reasonably meet under current funding arrangements. What we lack is data on how many people need additional support, what that support should look like, and how it should be funded.

The nationally consistent definition of a Long Stay Older Patient should distinguish older people who are medically ready for discharge to aged care (home or residential) from those with additional complexities.

Actions to to reduce delayed discharge

Across the health and aged care system, services are already developing collaborative approaches to support older people through transitions of care. Ageing Australia has identified measures that could be formalised, replicated and expanded:

- Introducing Memoranda of Understanding between aged care providers and hospitals to formalise relationships, build trust and support further reforms requiring a strong governance framework. The Hospital to Aged Care Dementia Support Program (HACDSP) and the Illawarra region's intergovernmental health and aged care taskforce are examples.
- At state level, develop shared care policies for transfers of care to ensure consistent, patient-centred transfers with a shared understanding of objectives, ideally consistent across jurisdictions.
- Establish and formalise "Connector" roles, such as "Transitional care officers" in hospitals, or social workers with a specific, aged care focus.
- Introduce workforce programs, like the HACDSP, to support aged care providers to care for older people with social or behavioural complexities, supporting transitions and upskilling aged care staff.
- Increasing the availability of Transition Care Program beds. This program is currently under review.
- Expand and replicate programs like Time to Think in WA, which provide short-term care for older people leaving hospital while aged care options are considered.
- Introducing flexible funding at the hospital/provider level, jointly applied for, to meet individual needs not reflected in the AN-ACC model, supporting care for individuals or pooled funding for outreach programs.
- The Aged Care Quality and Safety Commission introduce a three-month transitional period for providers admitting residents with complex needs, allowing time to understand the resident, gather background and medical information, establish decision-making mechanisms, and complete assessments.

No single reform can resolve delayed discharge. The challenge is not choosing between immediate relief and long-term reform, but ensuring one creates the conditions for the other. Immediate measures to improve patient flow are essential to relieve current pressures while longer-term investments in prevention, reablement, workforce and service capacity are realised.