



Pricing approach for the Support at Home service list 2025–26

Consultation paper

September 2024



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Introduction

The Independent Health and Aged Care Pricing Authority

The Independent Health and Aged Care Pricing Authority (IHACPA) is an independent government agency that assists the Australian Government to fund public hospital and aged care services by providing evidence-based price determinations and pricing advice. We deliver our annual program of work through transparent consultation and collaboration with the Australian Government, state and territory governments, advisory committees, key stakeholders and the public.

Our vision is for all Australians to have fair access to transparent, sustainable and high-quality health and aged care. We use data-driven evidence to advise on and set fair pricing in the Australian health and aged care sectors, driving better outcomes.

We provide advice on aged care pricing and costing matters to the Minister for Health and Aged Care, including:

- providing annual aged care pricing advice including changes in the cost of care and methods for calculating amounts of subsidies to be paid for aged care services, for consideration in government funding decisions
- reviewing data, conducting studies, and undertaking public consultation for the purpose of providing aged care pricing and costing advice.

For further information about us, please visit our website at ihacpa.gov.au.

IHACPA's initial pricing advice for the Support at Home program

The Support at Home program will have a defined service list that will outline the care and services available to older people who have been assessed as requiring in-home aged care services to remain independent at home. We are required to provide annual pricing advice to the Minister for unit-based services on the Support at Home service list.

Our pricing advice will include:

- recommended prices for services on the Support at Home service list
- prices differentiated by time of delivery (standard business hours and non-standard business hours) and day of delivery (weekdays, Saturday, Sunday, and public holidays)
- recommended pricing adjustments (if any) for services delivered in rural and remote areas
- recommended pricing adjustments (if any) for services delivered to people with diverse backgrounds and life experiences, including Aboriginal and Torres Strait Islander people and other groups.

Prices for services on the Support at Home service list will include all in-scope costs associated with delivering the service such as labour, transport, consumables and administration.

Our role in providing independent aged care pricing advice for the Support at Home program aims to ensure aged care funding is directly informed by the actual cost of delivering in-home aged care services.

The role of the pricing framework

The Pricing Framework for Australian Support at Home Aged Care Services 2025–26 will outline how we approach our work in developing pricing advice. It will include the principles, scope and methodology we use to determine our advice. It will cover how we will:

- outline the specific services and costs that are in scope for the annual pricing advice sought by government
- support sustainable, transparent, and efficient use of resources
- collect data needed to undertake costing studies to support our functions
- consider how prices will need to take into account cost variations faced by some providers in delivering in-home aged care services
- set out the immediate and longer-term priorities for Support at Home pricing advice to government
- consult on, develop, and provide pricing advice to government, including timeframes for the annual cycle of pricing and costing advice development.

We will conduct annual public consultation to develop the pricing framework for services under the Support at Home program. This ensures the pricing methodology is informed by a broad range of stakeholders across the aged care system.

These stakeholders include providers from the for-profit, not-for-profit and government sectors, as well as aged care recipients and their carers, families and representatives (including those in rural and remote locations), aged care workers, peak organisations and industrial bodies (including aged care workers), and government.

Within the agency's remit, we will support the government's policy objectives through the pricing framework. This includes providing transparent and evidenced-based methods for providing advice on prices for Support at Home services that are based on the cost of care and service provision.

About this consultation paper

This consultation paper will inform the development of the pricing framework used to develop initial pricing advice for the Support at Home service list.

Public consultation will enable you to provide input into the development of the pricing framework.

We will also undertake qualitative research with selected stakeholders. This will ensure our pricing advice has considered perspectives that are representative of the broad range of stakeholders in the in-home aged care sector.



Have your say

The public consultation period is between Monday 23 September and Friday 25 October 2024. **Submissions close at 5pm AEDT on Friday 25 October 2024.**

How to make a submission:

- complete an [online submission form](#)
- download your completed form and email it to submissions.ihacpa@ihacpa.gov.au
- mail to: PO Box 483 Darlinghurst NSW 1300



Enquiries

Enquiries related to this consultation process should be sent to submissions.ihacpa@ihacpa.gov.au.

All submissions will be published on the [IHACPA website](#) unless respondents identify sections they would like to remain confidential for commercial or other reasons. These sections will be redacted from the published versions.

IHACPA will carefully consider all submissions received and will publish a final consultation report in 2025.



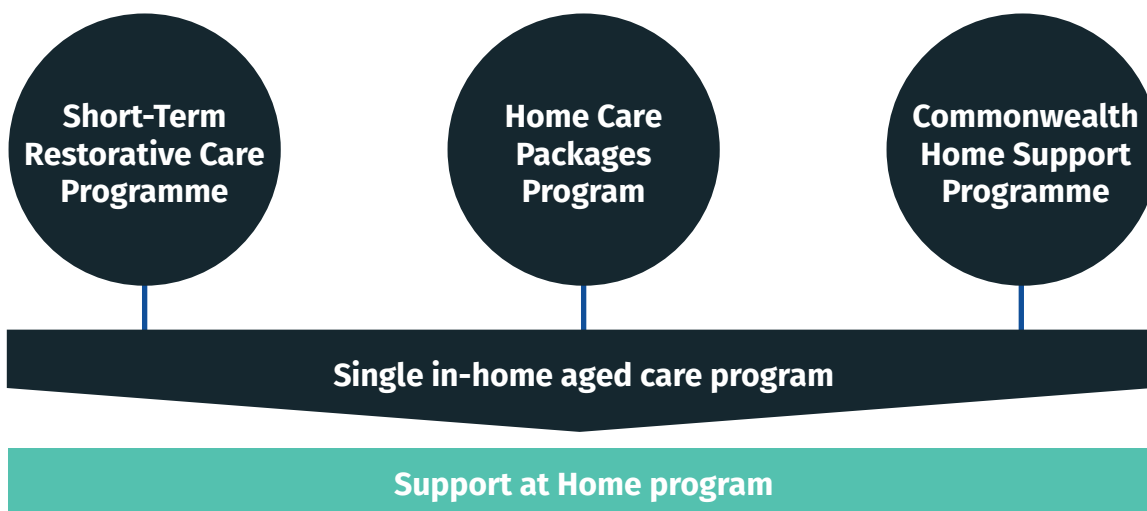
Support at Home program

A new in-home aged care program

The final report of the [Royal Commission into Aged Care Quality and Safety](#) recommended a new aged care program be introduced, combining existing programs. The government has announced reforms to in-home aged care transitioning the existing Home Care Packages (HCP) Program, Commonwealth Home Support Programme (CHSP) and Short-Term Restorative Care Programme (STRC) into a single in-home aged care program.

The Royal Commission also recommended streamlining existing aged care assessment processes. This includes the introduction of a single assessment process and improved access to home care services and support, equipment and home modifications.

It also recommended a new funding model for in-home aged care and reform of funding arrangements based on the actual cost of delivering high quality care and services.



Support at Home program

The new Support at Home program will provide government subsidies for a range of short term and ongoing home care services and supports.

The Department of Health and Aged Care intends to set price caps for services available under the Support at Home program. Further information on provider payment arrangements under the Support at Home program is available on the [Department of Health and Aged Care website](#).

The Support at Home service list will specify the range of services available and will be published with a list of prices prior to implementation of the program on 1 July 2025.

If approved for Support at Home services at assessment, a participant will receive a budget for services delivered by registered service providers.

Features of the proposed Support at Home funding model include:

- service providers will invoice the government after providing services, based on the hours or units of service they provide to their participants
- for each service type, prices will be inclusive of all costs associated with delivering the service
- the total cost of ongoing services delivered to a participant must be within the participant's budget, determined at assessment
- participants will receive funding for supports to maintain independence such as assistive technology and home modifications or short-term restorative care
- supplementary grants will be available through a competitive grants process for providers in thin markets, including in rural and remote areas and for providers who specialise in delivering services to particular participant groups.

Staged implementation

The Support at Home program will be delivered using a phased approach.

Phase 1:

HCP and STRC programs transition to Support at Home from 1 July 2025.

Phase 2:

CHSP transitions to Support at Home no earlier than 1 July 2027.

Current in-home aged care programs will continue to operate under existing arrangements until they transition into the Support at Home program.

More information on the Support at Home program is available on the [Department of Health and Aged Care website](#).

Support at Home service list

The Support at Home service list outlines the ongoing services eligible for government funding under the Support at Home program.

IHACPA will provide advice on a set of unit prices to the Minister for Health and Aged Care. This advice will inform the government's decisions on the maximum prices providers may charge. The maximum prices will include both the government subsidy and any participant co-contribution that may apply. Advice will be provided as unit prices, for example per hour or per meal.

A summary of the indicative Support at Home service list is at Table 1.

We wish to consult with you on the detailed Support at Home service list once this becomes available on the [Department of Health and Aged Care website](#) as part of the new *Aged Care Act* and its rules.

All other elements of the Support at Home program remain the responsibility of the Department of Health and Aged Care and the Minister including:

- prices for items on the Assistive Technology and Home Modifications Scheme List, noting prescription of items by allied health professionals will be aligned to the allied health pricing on the service list
- prices for nutrition items
- participant co-contributions
- amounts for thin market grants and/or other supplementary grants for providers.



Consultation questions

What concerns, if any, do you have about the transition to set unit prices for services on the indicative Support at Home service list?

In developing its advice, what factors should IHACPA take into account when setting prices for different services?

Table 1: Indicative Support at Home service list

Service type	Services	Unit type
Nursing care	<ul style="list-style-type: none"> • Registered nurse • Enrolled nurse • Nursing assistant • Nursing care consumables (not applicable) 	<ul style="list-style-type: none"> • Per hour of service
Allied health and other therapeutic services	<ul style="list-style-type: none"> • Aboriginal and Torres Strait Islander health practitioner • Aboriginal and Torres Strait Islander health worker • Allied health therapy assistant • Counsellor or psychotherapist • Dietitian or nutritionist • Exercise physiologist • Music therapist • Occupational therapist • Physiotherapist • Podiatrist • Psychologist • Social worker • Speech pathologist 	<ul style="list-style-type: none"> • Per hour of service
Nutrition	<ul style="list-style-type: none"> • Prescribed nutrition 	<ul style="list-style-type: none"> • Not applicable
Care management	<ul style="list-style-type: none"> • Home Support Care Management (Costs associated with clinical care management and non-clinical care management will be considered) 	<ul style="list-style-type: none"> • Per hour of service
Restorative care management	<ul style="list-style-type: none"> • Home support restorative care management 	<ul style="list-style-type: none"> • Per hour of service
Personal care	<ul style="list-style-type: none"> • Assistance with self-care and activities of daily living • Assistance with the self-administration of medication • Continence management (non-clinical) 	<ul style="list-style-type: none"> • Per hour of service
Social support and community engagement	<ul style="list-style-type: none"> • Group social support • Individual social support • Accompanied activities • Cultural support • Digital education and support • Assistance to maintain personal affairs • Expenses to maintain personal affairs (not applicable) 	<ul style="list-style-type: none"> • Per hour of service
Therapeutic services for independent living	<ul style="list-style-type: none"> • Acupuncturist • Chiropractor • Diversional therapist • Remedial masseuse • Art therapist • Osteopath 	<ul style="list-style-type: none"> • Per hour of service

Service type	Services	Unit type
Respite	<ul style="list-style-type: none"> • Respite care 	<ul style="list-style-type: none"> • Per hour of service
Transport	<ul style="list-style-type: none"> • Direct transport (driver and car provided) • Indirect transport (taxi or rideshare service vouchers) (not applicable) 	<ul style="list-style-type: none"> • Individual trip
Assistive technology and home modification	<ul style="list-style-type: none"> • Assistive technology • Home modifications 	<ul style="list-style-type: none"> • Not applicable
Domestic assistance	<ul style="list-style-type: none"> • General house cleaning • Laundry services • Shopping assistance 	<ul style="list-style-type: none"> • Per hour of service
Home maintenance and repairs	<ul style="list-style-type: none"> • Gardening • Assistance with home maintenance and repairs • Expenses for home maintenance and repairs (not applicable) 	<ul style="list-style-type: none"> • Per hour of service
Meals	<ul style="list-style-type: none"> • Meal preparation • Meal delivery 	<ul style="list-style-type: none"> • Per hour of service • Per meal



Our approach for pricing in-home aged care

Pricing policy principles

In developing our approach for advising on the pricing of Support at Home services, we will seek to support the policy objectives of the program to deliver high quality, in-home aged care services while improving the sustainability of the aged care system and increasing efficiency over time.

The pricing policy principles provide a strong basis for our pricing work, with a commitment to transparency and using the best available evidence. This will form part of the overarching framework that we will use to develop our pricing advice to the government.

An initial set of **pricing principles** has been proposed for consultation, see page 13.



Consultation questions

What, if any, changes do you suggest to the proposed pricing principles to guide the development and operation of the Pricing Framework for Australian Support at Home Aged Care Services 2025–26?

Are there any additional pricing principles for in-home aged care services that should be added? If so, please advise what they are.



Pricing principles

In advising on prices for the Support at Home service list, we propose that the following overarching pricing policy principles be adopted:

Access to services	The price does not create a barrier to access for those assessed as needing in-home aged care services.
Quality care and services	Pricing that supports care and services that are person-centred, culturally appropriate and meet the Aged Care Quality Standards, where applicable.
Pricing equity	Prices should be fair and equitable and account for legitimate cost variations faced by some providers in delivering care and services.
Evidence based	Pricing advice should be based on the best available information.
Transparency	All steps in the development of pricing advice for Support at Home services should be clear and transparent.
Efficiency	Prices should ensure the sustainability of aged care services over time and optimise the value of the public investment in aged care.
Administrative efficiency	Pricing arrangements should promote effective and efficient processes and should not unduly increase the administrative burden on aged care providers.
Minimising undesirable and inadvertent consequences	Pricing should minimise susceptibility to gaming, inappropriate rewards and perverse incentives.
Innovation	Pricing arrangements should respond in a timely way to the introduction of evidence based, effective new technologies and support innovations that improve participant outcomes and service efficiency.

Data and information

The role of aged care cost collections

Using data as part of our approach to developing prices is essential. This involves undertaking annual cost collections to gain a detailed understanding of the resources and costs involved in delivering residential and in-home aged care services.

Annual cost collections allow aged care pricing advice to be developed for the Minister for Health and Aged Care which reflect contemporary cost structures, changes in costs over time and care delivery models, in accordance with government program and policy settings for Support at Home.

To ensure the pricing advice is reflective of the breadth of service providers and variety in participant requirements, a representative sample of aged care providers is required. This will help ensure the data collected reflects this variation.

We rely on numerous data sources to complete our cost collections. This covers 3 key areas:

- the cost of resources to deliver aged care services
- the types of services delivered to consumers of aged care services
- administrative and clinical information about consumers and service providers.

In 2023, we undertook 2 cost collections, the Residential Aged Care Costing Study and the Support at Home Costing Study (SAHCS). This contributed to the initial development of data collection specifications and data acquisition methods for the aged care sector.

For more information visit our website to access the [aged care cost collection reports](#).

Support at Home cost data collections

To provide advice on unit prices for the Support at Home program, we need to understand the costs associated with providing these services. For example, the cost of delivering nursing, meals, cleaning or personal care services, in the home.

In 2023 we undertook the first SAHCS. This helped to provide advice on both the type and method of data collection for the in-home aged care sector.

The SAHCS 2023 comprised 2 stages. Stage One included a detailed investigation into the sector's existing costing structures, available data and operations. It provided the framework to inform Stage Two, which included cost data collection, and was used to refine and improve the accuracy of cost models. This work enables a greater understanding of unit costs and the respective pricing adjustments to inform Support at Home pricing advice.

The Support at Home Cost Collection (SAHCC) 2024 will build on the findings of SAHCS 2023. This will further contribute to the development of a cost and activity dataset reflective of services provided through the in-home aged care sector. The SAHCC 2024 is vital to ensure our pricing advice reflects the actual cost of delivering care and services.

The scope of the SAHCC 2024 will include the collection of cost and activity data. This data will be gathered from a sample of in-home care providers who deliver Home Care Package (HCP) and Short-Term Restorative Care (STRC) services. The SAHCC 2024 aims to expand existing data sets and will sample groups under-represented in the SAHCS 2023, including providers who deliver services for:

- regional and remote areas
- Aboriginal and Torres Strait Islander people
- people from culturally and linguistically diverse backgrounds.

Other data sources used include the Aged Care Financial Report and the Quarterly Financial Report along with other data to support pricing and costing work.



Consultation questions

How could IHACPA improve the representativeness of the cost collection participation across a range of domains, for example, service types, geography, specific population groups?





How unit prices are developed for Support at Home services

Pricing methodology

The Independent Health and Aged Care Pricing Authority (IHACPA) is required to provide advice on the recommended unit prices for items on the Support at Home service list. The price advice will be based on the cost per unit of service, such as per hour or per meal, calculated using providers' total in-scope costs and the volume of services delivered.

Prices will be calculated for each service type and service sub-type, with consideration to the time of delivery (standard business hours and non-standard business hours), day of delivery (weekday, Saturday, Sunday, and public holidays). Prices may also be adjusted for cost differences.

We will calculate sample to population weights to improve the representativeness of the cost data across characteristics such as provider types (for profit, not for profit and government), organisation size and participant characteristics.

We will use cost and activity data from existing aged care cost collections including the Aged Care Financial Report (ACFR) and Quarterly Financial Report (QFR), collected by the Department of Health and Aged Care, and other relevant data sources to inform recommendations for unit prices. These prices will cover all costs associated with delivering Support at Home services including labour costs for employees, agency staff and sub-contractors, care-related expenses, motor vehicle expenses and administration costs.

Indexation

Our approach to developing a price is based on historical cost data. Indexation is required to inflate underlying costs to align them with the expected cost of care delivery in the relevant funding year.

In line with our approach to indexation in residential aged care, we will use a range of Australian Bureau of Statistics indexes relevant to the aged care sector to separately index the labour and non-labour components of unit prices. We will review and improve our method over time to account for maturing data collections, including the ACFR and QFR and to reflect cost growth over time.

In addition, we will make adjustments to account for decisions of the Fair Work Commission relating to the Aged Care Work Value Case and annual wage review decisions, as well as increases to the superannuation guarantee when indexing labour costs for Support at Home services.

Price benchmarking

There are comparable schemes in other Commonwealth funded social care and support programs, such as the National Disability Insurance Scheme (NDIS) and Department of Veterans' Affairs (DVA) schemes, which deliver services similar to those on the Support at Home service list.

We will work to ensure pricing reflects the objectives of the government's [Draft National Strategy for the Care and Support Economy](#). The draft strategy is designed to ensure fair access to government care services, including under the Support at Home program, for everyone who needs it, in particular Aboriginal and Torres Strait Islander people, and those in rural and remote communities where services may be limited.



Consultation questions

Do you support IHACPA's proposal to establish unit pricing using a cost-based approach that reflects the available data? Please provide a rationale.

Are there any alternative approaches to pricing that IHACPA should consider? Please provide a rationale.

What else should be considered in the development of an indexation methodology for Support at Home unit prices?

To what extent should IHACPA consider price benchmarking for similar services provided under comparable schemes in adjacent sectors (for example, NDIS, DVA) and why?



Pricing adjustments

Pricing adjustments

As with other sectors, such as public hospitals and residential aged care services, there are substantial cost differences experienced by different providers for similar services. In other sectors, we use the best available evidence to estimate and make pricing adjustments to account for these cost variations.

We recognise that cost differences may also exist for Support at Home providers. Individual providers delivering a particular service type may incur higher costs than others. For example, the cost of consumables for different types of consumers or providers required to use sub-contractors for specific services. Some providers operating in rural and remote areas and those delivering services to specific populations may face substantial cost differences in the delivery of services. Thin markets are typically where there is an inadequate number of people requiring care and care providers to drive efficiency, such as in certain populations or in certain remote or rural regions. In thin markets, there may be inadequate services for people requiring care, and services may not be sustainable in the current market conditions.

In developing initial pricing advice for the Support at Home program, we are aware of the different costs some providers may face in delivering Support at Home services.

For the initial advice, we will focus on the following priority areas:

- recommended pricing adjustments (if any) for services delivered in rural and remote areas
- recommended pricing adjustments (if any) for services delivered to Aboriginal and Torres Strait Islander people and other special needs groups as defined in the *Aged Care Act 1997*.

We have also been asked to consider whether price adjustments should be considered for particular service types where social support is traditionally provided in addition to the core service (for example, meals delivery) to enable a continuation of this service model where it is valued by participants.

We are seeking feedback from stakeholders on whether there are cost differences between providers with respect to the delivery of in-home aged care services, supported by data and evidence, where available. For example, if you believe there are additional costs in delivering services in rural or remote areas, it would be helpful if you could quantify the full extent of these additional costs, for example, the cost of transport and agency staff.



Consultation questions

What factors, if any, should be considered as cost differences that should be accounted for in the pricing of in-home aged care services?

What factors should be considered in the pricing adjustments to allow for differences in costs within a given service type, and why? Please provide a rationale and evidence to support your answer.

Should particular service types be considered for additional pricing adjustments to recognise social support aspects of the service? Which services? Please provide a rationale and evidence to support your answer.

Is the pricing method fit-for-purpose across all geographic areas, including areas where there are thin markets?

Priorities for future developments

Future pricing advice for the Support at Home program will be informed by the policy priorities set by the government. Improvements in the volume, quality and representativeness of cost and activity data from annual costing studies may also result in refinements to our annual pricing advice for the Support at Home program in coming years.

Outlined below are some initial areas for consideration:

- pricing implications related to the transition of the Commonwealth Home Support Programme into the Support at Home program no earlier than July 2027
- the impact of any participant co-contributions that may apply on service costs and demand
- pricing adjustments if required to meet changing regulatory costs
- comparing the cost of service delivery for in-home care to other sectors including the NDIS and DVA programs.



Consultation questions

For future years, what do you see as the priority areas for IHACPA to consider when developing advice on adjustments to the service list unit prices?

What provider or participant-based factors are important for these or other pricing adjustments? Please provide supporting evidence, where available.

Providers are required to provide safe and high-quality care. What safety and quality of care issues should be considered as part of IHACPA's pricing advice?



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