

Major changes to home care from 1 July 2025

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The Government introduced new Aged Care legislation to Parliament on 12 September 2024. The legislation includes major changes to both Home Care and Residential Aged Care including changes to fees and charges from 1 July 2025.

The new legislation is aimed at improving the quality and viability of the aged care system and was described by the Prime Minister as ‘once in a generation’ reform.

However, the new rules have important financial planning implications as they will result in increased fees and charges for many people who commence accessing aged care from 1 July 2025.

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Support at Home program

From 1 July 2025, a new program called 'Support at Home' is proposed to replace the current Home Care Packages and Short-Term Restorative Care programs. At a future date, the Commonwealth Home Support program will also transition into the Support at Home program, but not until 1 July 2027 at the earliest.

The Minister for Aged Care, Anika Wells stated 'Older Australians increasingly want the freedom, support and choice to remain in the home and community they love. In the past 10 years, the number of Australians in home care has increased fourfold.'

The Support at Home program is a major part of the aged care reform package and will receive most of the aged care reform funding (\$4.3 billion of the \$5.6 billion).

Key reforms under Support at Home include:

- New fee structure – clients will pay a set percentage of the cost of each service they receive. The set percentage is determined by the type of service (clinical, independence or everyday living) and the person's age pension status (means testing)
- No worse off principle – existing Home Care recipients will be no worse off under the new scheme
- New classification levels which determine annual budgets:
 - 8 ongoing classifications for ongoing care replace the current 4 levels of Home Care packages
 - 2 short-term classifications for restorative care and end-of-life care
- Reduced waiting times to access support
- A defined list of services and price caps
- Quarterly budgets – unspent funds up to the greater of \$1,000 or 10% of the quarterly budget can be carried over
- Assistive Technology and Home Modification Scheme

Support at Home program – Key changes

New fee structure

The fee structure of the new Support at Home program will differ significantly from the current Home Care Packages program. Under the current system, clients pay a basic daily fee and in some cases an income tested fee if their assessable income exceeds certain thresholds.

Under the new Support at Home program, clients will pay a set percentage of the cost of each service they receive (fee for service).

The percentage of the cost of each service that the client will be asked to pay is determined by two factors:

1. Category of service (clinical, independence or everyday living), and
2. Age pension status (means testing)

1. Category of service

Services will be split into the following three categories:

- Clinical care – which includes services such as nursing, physiotherapy and occupational therapy.

- Independence - which includes services such as personal care, transport and social support.
- Everyday living - which includes services such as cleaning, meal delivery, gardening and home maintenance.

As with reforms to residential aged care, the Government will fully fund clinical care, therefore the client will not pay a fee for these services.

However, depending on their situation a client will be asked to contribute towards the costs of services that support independence and everyday living. Clients will be asked to pay the highest contribution towards everyday living services, with the rationale being that the Government does not typically fund these services for anyone at other stages of life.

2. Age pension status

The percentage of the cost of each service that a client will be asked to pay will be impacted by their age pension status. Different percentages apply to full pensioners, part pensioners & Commonwealth Seniors Health Card holders and self-funded retirees.

Age pension status will determine individual contribution rates, with the:

- lowest contributions for full pensioners
- moderate contributions for part pensioners
- highest contributions for self-funded retirees.

While we do not have specific details as to how the fee percentages will be calculated, the Government has stated¹ that the percentage contribution will be based on the Age Pension means test which considers income and assets. This differs from the current Home Care Packages program which only considers assessable income.

Part pensioners will not have to undertake a separate aged care means test as Services Australia will already hold the relevant information for age pension purposes.

For self-funded retirees, if they are eligible for a Commonwealth Seniors Health Card (CSHC) will pay a lower percentage than those who are not. This lower rate will apply regardless of whether the individual has actually applied for a CHSC.

Percentage fees payable per service

The Government has provided the following table which shows the percentage of the cost of each service that a client will be asked to pay, based on the category of service and age pension status:

| | Clinical care | Independence | Everyday living |
|---|---------------|-------------------------------------|--|
| Full pensioners | 0% | 5% | 17.5% |
| Part pensioners and Commonwealth Seniors Health Card holders | 0% | 5% - 50% depending on income/assets | 17.5% - 80% depending on income/assets |
| Self-funded retirees | 0% | 50% | 80% |

Note: that the client will not be asked to pay for clinical care services as they are fully funded by the Government.

¹ <https://www.health.gov.au/sites/default/files/2024-09/support-at-home-fact-sheet.pdf>

Lifetime cap

Under the new fee structure, the fees that a client will pay towards their Support at Home package over their lifetime are capped at \$130,000. This lifetime cap also takes into account non-clinical care contributions paid for residential aged care.

Non-clinical care contributions for residential aged care are also subject to a four year maximum timeframe.

Case study

In the factsheet, [Case Studies: Support at Home](#), the Government has provided a number of worked examples showing the amount of fees payable by clients in different situations. Below is a case study from the factsheet.

In this case study, the client does not receive the age pension but does qualify for a Commonwealth Seniors Health Card. Taking into account the services she receives and the set percentage fee that she needs to pay per service, Sally will be asked to pay 42% of the cost of her Support at Home services, which equals fees of \$16,611 per year.

| | | |
|---|--------------------------------|---|
| Example – Sally <p>Sally is retired and does not receive an age pension but does hold a Commonwealth Seniors Health Card. She owns her house and has superannuation and other income.</p> <p>Sally has reasonably high care needs. In Support at Home she receives a class 5 package.</p> <p>As Sally is a new entrant she is subject to new arrangements and will make a contribution to non-clinical care. The government pays all of Sally's clinical care costs, with Sally's contributions going towards the things she would be used to paying for all her life, like everyday living costs.</p> <p>In Support at Home, she could also have access to:</p> <ul style="list-style-type: none"> • twelve weeks of restorative support to get back on her feet • assistive technology and home modifications • support to spend her final weeks at home with loved ones | Age pension status | Self-funded retiree with Commonwealth Seniors Health Card |
| | Total income | \$99,000 |
| | Homeowner or renting | Homeowner |
| | Home value | \$750,000 |
| | Other assets | \$500,000 |
| | Support at Home class 5 | \$39,574 |

Fees payable by Sally:

| | Recipient | Government |
|-----------------|-----------|------------|
| % | 42.0% | 58.0% |
| \$ ratio | \$1.00 | \$1.40 |

| | | |
|----------|----------|----------|
| Per year | \$16,611 | \$22,963 |
|----------|----------|----------|

Source: [Case studies: Support at Home, Department of Health and Aged Care](#)

‘No worse off’ principle

Existing Home Care recipients and people on the National Priority System waiting for a Home Care Package, will automatically transition to the Support at Home program from 1 July 2025.

As part of the transition, they will receive Support at Home funding equivalent to their existing Home Care Package level and those on the National Priority System will receive funding equivalent to the level of Home Care Package funding they have been approved for.

A ‘no worse off’ principle will apply to ensure they will pay the same level of fees, or lower, under the new Support at Home program as they were paying under the current system.

The ‘no worse off’ principle will apply to people who on 12 September 2024 were:

- receiving a Home Care package, or
- on the National Priority System, or
- assessed as eligible for a package.

If people covered by the ‘no worse off’ principle subsequently move to residential aged care on or after 1 July 2025, they will stay under the pre-1 July 2025 residential aged care rules when determining their ongoing fees, unless they opt to move to the new rules. However, the changes to residential aged care accommodation payments will apply.

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New classification system

From 1 July 2025, the new Support at Home program will have 8 classification levels for ongoing services, replacing the current system of 4 Home Care Package levels.

Under the new system, the highest classification level 8 has an annual budget of \$78,000, which is significantly higher than the current highest Home Care Package level 4 which has a budget of \$61,440.45.

The new system is aimed at providing a budget for the provision of services that is more tailored to the person’s individual needs.

The following table compares the indicative budget amounts for the 8 new ongoing classification levels under the new Support at Home program, with the current budget amounts for Home Care Packages:

| Classification level | New: Support at Home annual budget | Current: Home Care Package annual budget |
|----------------------|------------------------------------|--|
| 1 | \$11,000 | \$10,588.65 |
| 2 | \$16,000 | \$18,622.30 |
| 3 | \$22,000 | \$40,529.60 |
| 4 | \$30,000 | \$61,440.45 |
| 5 | \$40,000 | |
| 6 | \$48,000 | |
| 7 | \$58,000 | |

| | | |
|---|----------|--|
| 8 | \$78,000 | |
|---|----------|--|

There are also 2 short-term classification levels - restorative care and end-of-life care.

- *Restorative care* – Provides access to support for up to 12 weeks (with the ability for a further 4-week extension) focused on allied health to regain function and build strength and capabilities.
- *End-of-life care* - Provides services for people diagnosed with 3 months or less to live to enable them to remain at home. A payment of up to \$25,000 is available which can be used over a 16 week period.

Reduced waiting times

The Government will provide additional funding to shorten waiting times for Support at Home services. They aim to reduce average waiting times to 3 months by 1 July 2027. Currently, the waiting time for a level 3 or 4 Home Care Package is approximately 12 months.

Defined list of services and price caps

The Government will provide a defined list of services that can be funded by the Support at Home program to provide clarity and reduce inconsistencies between service providers. They will also specify a price cap for each service, considering adjustments for the time of day that the service is provided and the location.

Quarterly budgets

Under the current system, Home Care Package recipients receive an annual budget which can result in large amounts of unspent budget accruing if the funds are not fully spent on services.

Under the new Support at Home program, clients will receive a quarterly budget. If they do not spend their budget within the quarter, the maximum amount they will be able to carry over is limited to \$1,000 or 10% of their quarterly budget (whichever is higher).

Assistive Technology and Home Modification Scheme

An Assistive Technology and Home Modifications Scheme will operate alongside the Support at Home individual budgets. This means people will no longer have to save their package funds for these supports.

The scheme will have a defined list of the assistive technology and home modifications that can be funded. Home modifications of up to \$15,000 will be allowed.

Further information

[Features of the new Support at Home program](#)

[Support at Home factsheet](#)

[About the Support at Home program](#)

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