



# Co-payments in home care

The Royal Commission called for a system built on rights, where all older Australians have access to the care they need, regardless of income. While the Royal Commission did not recommend a co-contribution model, the subsequent Aged Care Taskforce considered it appropriate that older people contribute to the cost of their care based on how much they can afford.

The government has already made some changes to fees for residential aged care and more change is coming on 1 November 2025. The change will include the introduction of co-payments for people who start to receive care under Support at Home.

Support at Home is a new program that will help fund the following types of care:

1. clinical care and some types of restorative care (e.g. nursing care, occupational therapy)
2. independence (e.g. help with showering, getting dressed or taking medications), and
3. everyday living (e.g. cleaning, gardening, shopping or meal preparation).

## What is a co-payment?

Co-payments (also referred to as co-contributions) are a full or partial out-of-pocket payment towards aged care services people have been assessed as needing.

Under the new rules, government will continue to fully subsidise clinical care, however a broad range of critically important services are deemed 'non-clinical' – including social, emotional and personal care, such as showering, will attract co-payments.

**The way in which the government has structured the new co-payments model is inconsistent with the Royal Commission's vision and may undermine existing policy to promote people ageing in place.**

## Why is this a problem?

The new rules assume older people with sufficient means will easily adapt to the imposition of co-payments, while those on low incomes will be exempt from charges if they satisfy hardship provisions.

The Inspector-General is consistently told hardship provisions are difficult to navigate. The Inspector-General expects some older people, including those experiencing or at risk of poverty, could struggle to satisfy Services Australia's administrative requirements. **This is not what the Royal Commission called for.**

Co-payments mean that anyone who is not granted hardship will have to pay for everyday services that support their independence, like help with showering and taking medications. This means that even full pensioners will have to make out-of-pocket contributions towards essential care. These are not luxuries. They help people live independently for longer and reduce the risk of premature entry into residential aged care, which reduces the expense to the taxpayer and thereby, the budget available to support older Australians who need it.

Linking access to care to a person's ability to satisfy hardship provisions risks:

- neglect, with some older people either unable or unwilling to cover the cost of essential care
- inequity, as people with potentially the least means are at highest risk of not having access to necessary care
- premature entry into residential aged care, at higher cost to government and taxpayers, and
- reduced access, due to the possibility that some community controlled organisations will leave the sector because collecting co-payments from those with little means is contradictory to their values and model of operation.

## The Inspector-General's position

The implementation of co-payments needs to be managed in a way that does not result in people foregoing necessary care in order to afford other basic essentials, especially given the potential for serious inequities for people with the least income under the current model.

Government needs to find the right balance between meeting the relatively small cost – in government-expenditure terms – supporting people to live independently at home for longer, with the much greater cost to taxpayers associated with people being forced to move into residential aged care and preventable hospitalisations (because they can't afford the co-payments required to pay for care to remain at home).

## What needs to happen?

Urgent action is needed on several fronts to mitigate the potential for harm associated with the implementation of co-payments.

- Options to simplify navigating access to 'hardship' relief should be investigated and implemented.
- Government needs to closely monitor the impact of co-payments in the first year, especially for those with the least means and/or experiencing vulnerability.
- Government should conduct an independent evaluation 12 months after co-payments commence to assess their impact on individuals' access to care, especially for full pensioners and older people experiencing financial hardship.
- Government should examine the cost benefit ratio of co-payments at a whole-of-economy level, taking into account the likely cost increases for people prematurely entering into residential aged care or being hospitalised, in contrast with the expected revenue that co-payments will generate, to increase access to aged care support.