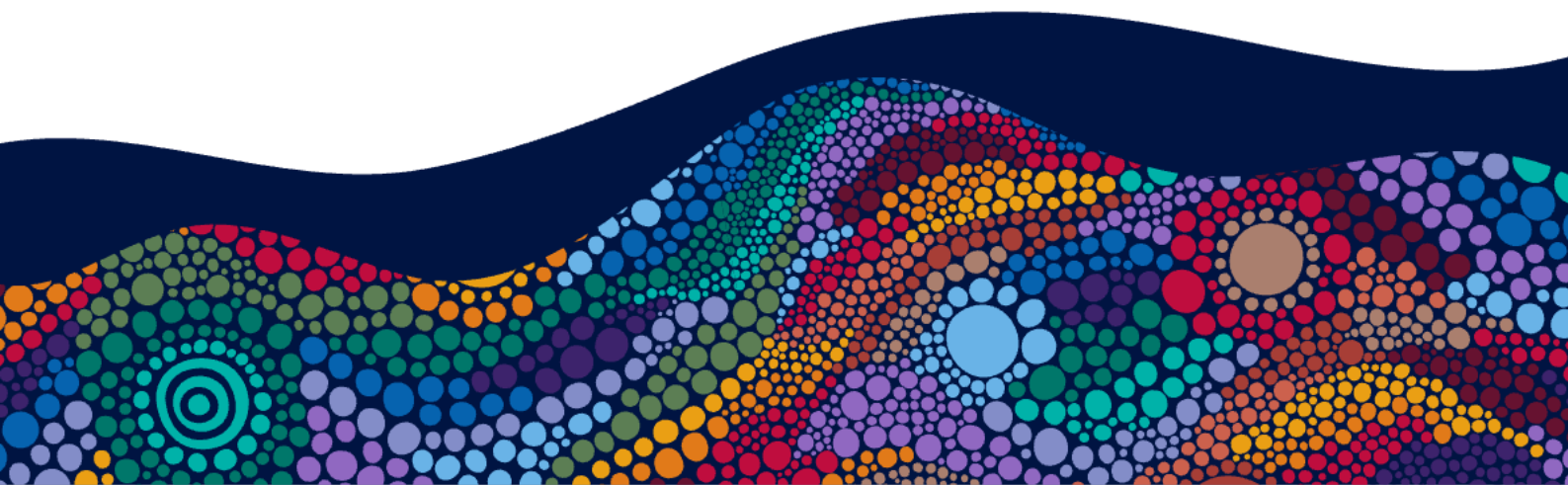


Pricing Framework for Australian Support at Home Aged Care Services 2027-28

Submission to Independent Health and Aged
Care Pricing Authority

April 2026



About NACCHO

NACCHO is the national peak body representing 148 Aboriginal Community Controlled Health Organisations (ACCHOs). We also assist several other community-controlled organisations.

The first Aboriginal medical service was established at Redfern in 1971 as a response to the urgent need to provide decent, accessible health services for the largely medically uninsured Aboriginal population of Redfern. The mainstream was not working. So it was, that over fifty years ago, Aboriginal people took control and designed and delivered their own model of health care. Similar Aboriginal medical services quickly sprung up around the country. In 1974, a national representative body was formed to represent these Aboriginal medical services at the national level. This has grown into what NACCHO is today. All this predated Medibank in 1975.

NACCHO liaises with its membership, and the eight state/territory affiliates, governments, and other organisations on Aboriginal and Torres Strait Islander health and wellbeing policy and planning issues and advocacy relating to health service delivery, health information, research, public health, health financing and health programs.

ACCHOs range from large multi-functional services employing several medical practitioners and providing a wide range of services, to small services which rely on Aboriginal health practitioners and/or nurses to provide the bulk of primary health care services. Our 148 members provide services from about 550 clinics. Our sector provides over 3.1 million episodes of care per year for over 410,000 people across Australia, which includes about one million episodes of care in very remote regions.

ACCHOs contribute to improving Aboriginal and Torres Strait Islander health and wellbeing through the provision of comprehensive primary health care, and by integrating and coordinating care and services. Many provide home and site visits; medical, public health and health promotion services; allied health; nursing services; assistance with making appointments and transport; help accessing childcare or dealing with the justice system; drug and alcohol services; and help with income support. Our services build ongoing relationships to give continuity of care so that chronic conditions are managed, and preventative health care is targeted. Through local engagement and a proven service delivery model, our clients 'stick'. Clearly, the cultural safety in which we provide our services is a key factor of our success.

ACCHOs are also closing the employment gap. Collectively, we employ about 7,000 staff – 54 per cent of whom are Aboriginal or Torres Strait Islanders – which makes us the third largest employer of Aboriginal or Torres Strait people in the country.

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Recommendations

NACCHO recommends:

- 1 The pricing framework for Australian Support at Home Aged Care Services aligns with the National Agreement and its four Priority Reform Areas.
- 2 That in line with Priority Reform 2 of the National Agreement, the Support at Home Pricing Framework supports ACCHOs and ACCOs to provide aged care services to meet the cultural and service delivery needs of their local community.
- 3 That policies and frameworks for pricing services and allocating funding and supports for aged care service delivery to Aboriginal and Torres Strait Islander people should consider the cost implications of the following:
 - Delivering culturally appropriate and trauma-informed care
 - Higher population burden of chronic disease and co-morbidity
 - Access to trauma-informed, trusted and culturally competent aged care workforce, and housing, amenities and services to support that workforce
 - Relative socio-economic disadvantage
 - Remoteness and financial challenges of thin market conditions.
- 4 IHACPA provides advice to DoHDA on the inequity of a pricing framework that does not include appropriate safety nets for care recipients who are financially disadvantaged, such as exemptions from co-contributions for care recipients, or loadings for providers to adjust co-contribution costs.
- 5 IHACPA provides advice to DoHDA to continue and expand upon the block funded Commonwealth Home Support Program for ACCHOs and ACCOs to ensure ongoing access to flexible support for Aboriginal and Torres Strait Islander older people.
- 6 In line with Priority Reform 1 and recommendations from the Aged Care Royal Commission, that Government urgently establishes an independent, permanent Aboriginal and Torres Strait Islander Aged Care Commissioner and works in partnership to design a specific Aboriginal and Torres Strait Islander aged care pathway.
- 7 The Support at Home Pricing Framework pricing should accurately reflect the cost and context of service delivery as well as, for ACCHOs, the holistic, multidisciplinary model of care delivery.
- 8 IHACPA's *Access to services* principle is amended to read 'Pricing should support timely and equitable access to *culturally appropriate services* for those assessed as needing in-home aged care services.
- 9 IHACPA's *Pricing Equity* principle is amended to read 'Prices should be fair and equitable and account for cost variations faced by some providers in delivering care and services, including in *economically and culturally thin* markets.
- 10 Pricing principles support Closing the Gap through increased numbers of community controlled providers and participation in the system for Aboriginal and Torres Strait Islander people.

Acknowledgements

NACCHO welcomes the opportunity to provide a submission to the Independent Health and Aged Care Pricing Authority's consultation on the Pricing Framework for Australian Support at Home Aged Care Services 2027-2028. NACCHO acknowledges valuable input received from our Affiliates and members to this submission and to previous submissions on Support at Home.

NACCHO supports submissions to this consultation made by our members and our state and territory Affiliates.

National Agreement on Closing the Gap

At the meeting of National Cabinet in early February 2023, First Ministers agreed to renew their commitment to Closing the Gap by re-signing the National Agreement, first signed in July 2020. The reforms and targets outlined in the National Agreement seek to overcome the inequality experienced by Aboriginal and Torres Strait Islander people and achieve life outcomes equal to all Australians.

This Government's first Closing the Gap Implementation Plan commits to achieving Closing the Gap targets *through implementation of the Priority Reforms*. This represents a shift away from focussing on the Targets, towards the structural changes that the Priority Reforms require, and which are more likely to achieve meaningful outcomes for our people in the long term.

Priority Reform Area 1 – Formal partnerships and shared decision-making

This Priority Reform commits to building and strengthening structures that empower Aboriginal and Torres Strait Islander people to share decision-making authority with governments to accelerate policy and place-based progress against Closing the Gap.

Priority Reform Area 2 – Building the community-controlled sector

This Priority Reform commits to building Aboriginal and Torres Strait Islander community-controlled sectors to deliver services to support Closing the Gap. In recognition that Aboriginal and Torres Strait Islander community-controlled services are better for Aboriginal and Torres Strait Islander people, achieve better results, employ more Aboriginal and Torres Strait Islander people and are often preferred over mainstream services.

Priority Reform Area 3 – Transformation of mainstream institutions

This Priority Reform commits to systemic and structural transformation of mainstream government organisations to improve to identify and eliminate racism, embed and practice cultural safety, deliver services in partnership with Aboriginal and Torres Strait Islander people, support truth telling about agencies' history with Aboriginal and Torres Strait Islander people, and engage fully and transparently with Aboriginal and Torres Strait Islander people when programs are being changed.

Priority Reform Area 4 – Sharing data and information to support decision making

This Priority Reform commits to shared access to location-specific data and information (data sovereignty) to inform local-decision making and support Aboriginal and Torres Strait Islander communities and organisations to support the achievement of the first three Priority Reforms.

Review of Closing the Gap

In its first review of the National Agreement on Closing the Gap, the Productivity Commission found that governments are not adequately delivering on their commitments. Despite support for the Priority Reforms and some good practice, progress has been slow, uncoordinated, and piecemeal.

The Commission noted that to enable better outcomes, the Australian government needs to relinquish some control and acknowledge that Aboriginal and Torres Strait Islander people know what is best for their communities. It needs to share decision making with Aboriginal Community Controlled Organisations (ACCOs), recognise them as critical partners rather than passive funding recipients, and then trust them to design, deliver and measure government services in ways that are culturally safe and meaningful for their communities.

‘Too many government agencies are implementing versions of shared decision-making that involve consulting with Aboriginal and Torres Strait Islander people on a pre-determined solution, rather than collaborating on the problem and co-designing a solution’¹

NACCHO recommends the pricing framework for Australian Support at Home Aged Care Services aligns with the National Agreement and its four Priority Reform Areas.

Introduction

There is a fundamental mismatch between Support at Home pricing frameworks and the way ACCHOs deliver services, putting strain on both service providers and clients. Pressure points include:

- Co-contributions impacting clients and service providers.
- Having a single ‘unit price’ for allied health and other therapeutic services – creating difficulties for service providers to plan/recruit staff and provide certainty in scheduling. These workforce shortages then impact clients.
- Remoteness – remote service delivery is more expensive due to distance, workforce challenges, and smaller populations. Pricing should reflect these realities to ensure sustainable and culturally appropriate services.
- Cost collection – the process for engagement with service providers to provide costings for future pricing formulation needs to change in order to encourage more Aboriginal and Torres Strait Islander providers to participate.

There is a resounding need for Support at Home pricing to reflect the ways that ACCHOs operate, in line with the National Agreement on Closing the Gap and recommendations from the Royal Commission into Aged Care Quality and Safety.

Royal Commission into Aged Care Quality and Safety

The Support at Home program was developed to respond to recommendations from the Royal Commission into Aged Care Quality and Safety (the Royal Commission).

¹ Productivity Commission, Review of the National Agreement on Closing the Gap, Study Report, Canberra, 7 Feb 2024 <https://www.pc.gov.au/inquiries/completed/closing-the-gap-review/report>.

The Royal Commission's Final Report highlights the opportunity to design a new national aged care system that has the capacity and flexibility to respond to the needs and aspirations of Aboriginal and Torres Strait Islander people.² Details of what this should look like are outlined in Recommendation 47.

Recommendation 47: Aboriginal and Torres Strait Islander aged care pathway within the new aged care system

The Australian Government should ensure that the new aged care system makes specific and adequate provision for the diverse and changing needs of Aboriginal and Torres Strait Islander people and that:

- a. Aboriginal and Torres Strait Islander people receive culturally respectful and safe, high quality, trauma-informed, needs-based and flexible aged care services regardless of where they live
- b. priority is given to existing and new Aboriginal and Torres Strait Islander organisations, including health, disability and social service providers, to cooperate and become providers of integrated aged care services
- c. regional service delivery models that promote integrated care are deployed wherever possible
- d. there is a focus on providing services within, or close to, Aboriginal and Torres Strait Islander populations while maximising opportunities for people to remain on, and maintain connection with, their Country and communities
- e. aged care is available, and providers are engaged at the local aged care planning region level on the basis of objectively established need that is determined in consultation with Aboriginal and Torres Strait Islander populations and communities, and recognising that aged care needs and service delivery preferences may vary between locations and population centres
- f. older Aboriginal and Torres Strait Islander people are given access to interpreters on at least the same basis as members of culturally and linguistically diverse communities when seeking or obtaining aged care, including health care services.³

As it stands, the Support at Home program does not align with this Recommendation, nor with government commitments under the National Agreement on Closing the Gap.

The ACCHO model of care⁴ and of service delivery strongly align with Recommendation 47.

ACCHO model of care

ACCHOs' holistic, person-centred approach to care prioritises individual client needs. The multidisciplinary care model naturally supports people as they age and have growing needs for different types of care to maintain wellness. The ACCHO model of care incorporates wraparound services that are not generally available through mainstream services. It ensures clients receive all the care they need.

Recognising that ACCOs achieve better results for Aboriginal and Torres Strait islander people⁵, and the Productivity Commission's recommendation⁶ that governments need to take steps to strengthen the

² Royal Commission into Aged Care Quality and Safety, A Summary of the Final Report, March 2021, <https://www.royalcommission.gov.au/system/files/2021-03/final-report-executive-summary.pdf>.

³ Royal Commission into Aged Care Quality and Safety, Recommendations, March 2021, <https://www.royalcommission.gov.au/system/files/2021-03/final-report-recommendations.pdf>.

⁴ NACCHO, Core Services and Outcomes Framework: the model of Aboriginal and Torres Strait Islander community controlled comprehensive primary health care, June 2021, <https://csf.naccho.org.au/wp-content/uploads/2022/10/Core-Services-Outcomes-Framework-full-document.pdf>.

⁵ Productivity Commission, Review of the National Agreement on Closing the Gap, Canberra, fact sheets, February 2024, <https://assets.pc.gov.au/inquiries/completed/closing-the-gap-review/report/closing-the-gap-review-factsheets.pdf>.

⁶ Productivity Commission 2024, Review of the National Agreement on Closing the Gap, Study report, volume 1, February 2024, <https://assets.pc.gov.au/inquiries/completed/closing-the-gap-review/report/closing-the-gap-review-report.pdf>.

capability of ACCOs in key sectors, it is essential that the Support at Home Pricing Framework supports the ACCHO/ACCO sector to deliver aged care services.

Integrated aged care services delivered in line with NACCHO's Core Services and Outcomes Framework⁷, a successful, well-established model of ACCHO primary health care, offer many benefits for Aboriginal and Torres Strait Islander people needing aged care services. These include:

- Promoting Elder wellbeing and safety through intimate knowledge of and connections to family and community
- Better access to aged care by reducing complexities of needing to navigate multiple services and systems
- Ensuring continuity of care for Elders and their families, particularly with referral and transition to secondary and tertiary healthcare
- Maintaining cultural identity
- Providing navigation supports across My Aged Care through the Elder Care Support program
- Supporting management of comorbidities and social complexities experienced by many older Aboriginal and Torres Strait Islander people through holistic services that incorporate social supports.⁸

NACCHO recommends that in line with Priority Reform 2 of the National Agreement, the Support at Home Pricing Framework supports ACCHOs and ACCOs to provide aged care services to meet the cultural and service delivery needs of their local community.

Aged care provision in an under-developed sector

The nature of care provided in Aboriginal community-controlled settings is such that, despite resourcing challenges to meet service needs, people in need are not turned away when they need help. In situations, particularly in thin markets in rural and remote regions, where community providers face huge challenges meeting and/or accessing service needs, having adequate staffing, having access to housing, and face other local, environmental challenges, problems and issues of aged care compliance should be met with understanding of the setting and place-based context. Addressing problems should be strengths-based and begin with offering support, education, resources etc. to help resolve and improve the situation, with a focus on continuous quality improvement.

ACCHOs and ACCOs are deeply committed to ensuring that Elders and older people in their communities are well cared for in culturally appropriate settings, and that they can stay on Country and close to family in their own communities. They deliver comprehensive aged care services often in financially and culturally thin markets, however the level of care they provide is not supported by a market-driven system and they often operate at a loss. In these culturally thin markets, small residential ACCHO/ACCO aged care providers need a safety net to be sustainable and ensure continuity of care when occupancy levels drop.

One ACCO recently advised that despite having access to around 70 in-home aged care packages, they had taken 40 more local clients who they support at their own expense. They had a waitlist of more than 60 clients who they were unable to support. Another ACCO noted that they were cross-subsidising aged care places through other revenue sources due to funded aged care places not meeting community demand. This practice is not sustainable over time, and is already resulting in services reconsidering whether they will continue to offer services through the Support at Home program.

Thin markets in aged care contribute to Aboriginal and Torres Strait Islander Elders and older people going

⁷ NACCHO, Core Services and Outcomes Framework: the model of Aboriginal and Torres Strait Islander community controlled comprehensive primary health care, June 2021, <https://www.naccho.org.au/wp-content/uploads/2024/10/Core-Services-Outcomes-Framework-full-document.pdf>.

⁸ Dawson, A., Harfield, S., Davy, C., Baker, A., Kite, E., Aitken, G., Morey, K., Braunack-Mayer, A., & Brown, A. (2021). Aboriginal community-controlled aged care: Principles, practices and actions to integrate with primary health care. Primary Health Care Research & Development, 22(e50). <https://doi.org/10.1017/s1463423621000542>.

without essential care to stay on Country or having to move away from Country and their family, at the time they are most needed. Across the sector, there is a lack of access to staff who can provide culturally safe care for Aboriginal and Torres Strait Islander people.

While rates of access in many remote and very remote communities attained or exceeded the national average, rate of access to aged care for older Aboriginal and Torres Strait Islander people (in urban and regional areas) is below the national average. Investments to improve access to aged care programs must also focus on older Aboriginal and Torres Strait Islander people living in culturally thin markets in cities and towns.⁹

NACCHO's member services are well placed to meet the aged care needs of their communities and have clearly expressed an interest in growing to ensure they can look after their elders. As such, transition to the provision of aged care services remains essential for many ACCHOs, particularly in the thin market context of rural and remote areas which are not considered viable markets by larger providers, but also in culturally thin markets in urban settings.

Pricing framework considerations

NACCHO supports pricing principles that would provide greater flexibility, particularly in rural, remote, and regional areas, but also in thin markets, which in terms of delivering *culturally safe* care, extends to urban and outer metropolitan areas. This may translate to needing additional support for care recipient exemptions from co-contributions to ensure equitable access to aged care services.

An aged care service pricing framework should reflect that 'best practice in aged care' in Aboriginal and/or Torres Strait Islander community settings may look different from that in mainstream settings and adjust provider obligations accordingly. Aboriginal and Torres Strait Islander community-led pathways may vary across communities, in line with local customs and preferences.

Aboriginal and Torres Strait Islander Elders and older people have unique needs, including in aged care. Higher costs of delivering aged care to Aboriginal and Torres Strait Islander people are not limited to services in remote and very remote locations (although rural and remote considerations will be outlined below). They also apply to services in rural, regional and metropolitan areas (Modified Monash Model 1-5) where there are increased costs because:

- Aboriginal and Torres Strait Islander people have a disease burden 2.3 times that of non-Indigenous Australians¹⁰ and Elders are likely to present with complex health issues and comorbidities.
- Aboriginal and Torres Strait Islander people have higher rates of dementia with studies showing rates three to five times higher than in the general population, including increased risk of early onset dementia¹¹.
- There are an estimated 33,000 Aboriginal and Torres Strait Islander Elders who are Stolen Generations survivors who experience a significantly higher burden of trauma and chronic disease and are more likely to develop dementia as they age.
- There is a need to support Elders to maintain their connection to Country and reconnect with family.
- Many Aboriginal and Torres Strait Islander people prefer to receive services from Aboriginal and Torres Strait Islander people and services who can provide culturally appropriate and trauma informed care.

⁹ Office of the Interim First Nations Aged Care Commissioner, Transforming aged care for Aboriginal and Torres Strait Islander people, December 2024, <https://www.health.gov.au/sites/default/files/2025-05/transforming-aged-care-for-aboriginal-and-torres-strait-islander-people.pdf>.

¹⁰ AIHW, Australian Burden of Disease Study Impact and causes of illness and death in Aboriginal and Torres Strait Islander people 2018, March 2022, <https://www.aihw.gov.au/reports/burden-of-disease/illness-death-indigenous-2018/summary>.

¹¹ Flicker, L., & Holdsworth, K., Aboriginal and Torres Strait Islander People and Dementia: a review of the research, APO Online, October 2014, <https://apo.org.au/sites/default/files/resource-files/2014-10/apo-nid55196.pdf>.

- There are high costs associated with ensuring that all staff undertake appropriate cultural awareness training, and with recruiting, training and maintaining an Aboriginal and Torres Strait Islander workforce.

Cost pressures to consider include:

- Additional time is often required to ensure Elders and older people are provided with culturally appropriate service which includes consideration of social and emotional wellbeing needs.
- Cost per service/client comparisons between remote and metropolitan areas.
- Workforce vacancy and turnover rates.
- Travel distance and time records.
- Community population size and service utilisation rates.
- Health outcome disparities in remote communities.
- Supporting evidence from financial records, staff reports, community feedback, and service data.
- Translation, assistance filling out forms.
- Health conditions – multimorbidity.

NACCHO recommends that policies and frameworks for pricing services and allocating funding and supports for aged care service delivery to Aboriginal and Torres Strait Islander people should consider the cost implications of the following:

- Delivering culturally appropriate and trauma-informed care
- Higher population burden of chronic disease and co-morbidity
- Access to trauma-informed, trusted and culturally competent aged care workforce, and housing, amenities and services to support that workforce
- Relative socio-economic disadvantage
- Remoteness and financial challenges of thin market conditions.

For Aboriginal and Torres Strait Islander people

We know that Aboriginal and Torres Strait Islander people do not access aged care at a rate commensurate with or appropriate to their level of need.¹² If the system or service is not adequate for Aboriginal and Torres Strait Islander Elders and older people, they will disengage from services.

Financial hardship

Aboriginal and Torres Strait Islander Elders and older persons face financial disadvantage compared to non-Indigenous Australians. Aboriginal people become eligible for aged care services at age 50 – five to ten years before they can access superannuation, and have significantly less super than non-Indigenous people, who by contrast, can access superannuation before or at around the same time as being eligible for aged care.

Aged care service recipients may be eligible for financial hardship exemptions, with the co-contributions paid directly by the Department. However, the hardship assessment does not consider financial complexities such as older people living with extended family, whether a person has dependents in their care or the increasing cost of living. ACCHOs supporting clients in these applications have reported that, almost universally, the financial hardship exemption requests have been denied for their clients, causing further distress.

¹² Royal Commission into Aged Care Quality and Safety, Final Report: Care, Dignity and Respect Volume 1 Summary and recommendation, February 2021, <https://www.royalcommission.gov.au/system/files/2024-03/aged-care-rc-final-report-volume-1.pdf>.

Even though the new Strengthened Aged Care Quality Standards embed the need for trauma informed care, the Support at Home Program risks (re)traumatising care recipients, with the possibility they will disengage from much needed services entirely.

Co-contributions

Fees and co-contributions are a significant barrier and deterrent to older Aboriginal and Torres Strait Islander people accessing the aged care support they need. Many having ongoing caring responsibilities for family members and have kinship obligations to share their resources within extended family and community. Those with limited means will often choose to keep their money to support family and community rather than spend it on their own care needs. We hear from our sector, concerns of declining health in Elders who are choosing not to access supports due to co-contribution pressures.

On 22 April, it was announced that selected personal items (including showering, dressing and continence care in clinical services) will be made free of charge from October.¹³ This is a welcome change.

However, co-contributions are still required for certain items. Without exemptions from fees and co-contributions, Aboriginal and Torres Strait Islander people face structural disadvantage that undermines the intended equity provided by early access to aged care. The Royal Commission into Aged Care Quality and Safety recommendations specify the need to support and improve access for Aboriginal and Torres Strait Islander people.

While determining participant co-contributions is the responsibility of the Department, and is outside the scope of IHACPA's advice, it is critical that the Department of Health, Disability and Ageing (DoHDA) reflect pricing that is *equitable* for all recipients. Without appropriate exemptions and/or safety nets in place to support those who are financially disadvantaged, equity cannot be achieved.

NACCHO recommends IHACPA provides advice to DoHDA on the inequity of a pricing framework that does not include appropriate safety nets for care recipients who are financially disadvantaged, such as exemptions from co-contributions for care recipients, or loadings for providers to adjust co-contribution costs.

For ACCHOs and ACCOs

Overwhelmingly, Aboriginal and Torres Strait Islander people are calling for more ACCO/ACCHO aged care providers. What sets the community controlled sector apart is that they are embedded in communities and have strong local knowledge and cultural understanding. Currently, even where services are shifted from mainstream providers to ACCOs/ACCHOs, governments still impose “generic, pre-existing models of service and program design, and require reporting against narrow KPIs, instead of allowing ACCOs to design services and measure outcomes in ways that are most meaningful to communities.”¹¹

The National Agreement on Closing the Gap and four Priority Reform Areas assist in creating a framework for delivering services to Aboriginal and Torres Strait Islander people. To meet the recommendations of the Aged Care Royal Commission and the National Agreement and ensure all Aboriginal and Torres Strait Islander people can access and receive culturally appropriate aged care, consideration must be given to alternative staffing models, funding models, pricing models and regulatory settings for services in urban, regional, rural, remote and very remote locations. This may translate to needing additional funding, expanding access to the specialised aged care funding to support Aboriginal and Torres Strait Islander people, funding ACCHO/ACCO providers in different ways to mainstream aged care providers and/or enabling them to access exemptions from certain obligations.

The crucial stronger community-controlled sector elements that are missing are a dedicated funding model that is suitably flexible, reliable and consistent to ensure services are delivered to meet the unique needs of

¹³ Mark Butler MP, More beds, more packages and better care for older Australians, April 2026, <https://www.health.gov.au/ministers/the-hon-mark-butler-mp/media/more-beds-more-packages-and-better-care-for-older-australians?language=en>

older Aboriginal and Torres Strait Islander people. There is also insufficient opportunity for ACCOs/ACCHOs to use their knowledge and expertise in the design of aged care reforms, policies and programs.

ACCHOs are principally primary health services, some of which also provide aged care services depending on community priorities and needs. For ACCHOs, IHACPA's Support at Home pricing advice – for single, fully absorbed, unit price for allied health and other therapeutic services, does not align with ACCHO models of care. Under the Commonwealth Home Support Program, block funding allowed ACCHOs to employ allied health staff full time and allocate their schedules accordingly. Unit price for allied health does not provide service certainty, and therefore impacts an ACCHO's ability to recruit, and causes difficulties in service planning. This, combined with other cost pressures, means increased and unsustainable costs to services, which our ACCHOs report will ultimately result in the cessation of aged care service provision. Unit pricing also does not take into account the way ACCHOs deliver services – holistic, wrap around, multidisciplinary team care.

Case study: Effects of co-contributions on an ACCHO service provider in a regional town

We have heard from one ACCHO aged care service provider that is already transitioning patients to Support at Home, that having to charge a co-contribution for services such as cleaning is highly stressful for both the service recipient and the worker. Charging care recipients who are already financially disadvantaged can mean clients will have less money for essentials such as rent and food. Having to explain this fee repeatedly to service recipients with cognitive conditions is distressing for workers.

The ACCHO has transitioned some care recipients to the Support at Home Program, and initially asked care recipients for co-contributions. When asked for a co-contribution, some service recipients decided to decline service entirely. The ACCHO has now chosen to cover the co-contribution themselves, however this is not financially sustainable.

The ACCHO noted that if service provision continued to be financially unsustainable (with the ACCHO having to cover co-payments), they may need to stop providing aged care entirely, which would have huge consequences for service recipients. The ACCHO is the only Aboriginal organisation in the area that delivers aged care services and is the preferred provider for local community. Mainstream organisations in the area do not have capacity to take on the ACCHO's client load if they were to stop services.

NACCHO recommends IHACPA provides advice to DoHDA to continue and expand upon the block funded Commonwealth Home Support Program for ACCHOs and ACCOs to ensure ongoing access to flexible support for Aboriginal and Torres Strait Islander older people.

Aboriginal and Torres Strait Islander aged care pathway

To ensure more equitable access to high quality, culturally safe and inclusive aged care services for older Aboriginal and Torres Strait Islander people, NACCHO supports the Interim First Nations Aged Care Commissioner's call for Government to develop a 10-year transformation plan,¹⁴ co-designed in genuine partnership with Aboriginal and Torres Strait Islander people.¹⁵

What we need is for governments to stop seeking to endlessly retrofit systems, processes and services to address the needs of people with 'diverse backgrounds and life experiences' and instead value all people as

¹⁴ Australian Government, Final report of the Aged Care Taskforce, Australian Government, March 2024, https://www.health.gov.au/sites/default/files/2024-03/final-report-of-the-aged-care-taskforce_0.pdf.

¹⁵ Office of the Interim First Nations Aged Care Commissioner, Transforming aged care for Aboriginal and Torres Strait Islander people, December 2024, <https://www.health.gov.au/sites/default/files/2025-05/transforming-aged-care-for-aboriginal-and-torres-strait-islander-people.pdf>.

people and to design and build systems, processes and services that truly value and accommodate difference from the outset.

NACCHO recommends, in line with Priority Reform 1 and recommendations from the Aged Care Royal Commission, that Government urgently establishes an independent, permanent Aboriginal and Torres Strait Islander Aged Care Commissioner and works in partnership to design a specific Aboriginal and Torres Strait Islander aged care pathway.

For services in rural and remote areas

Remote services often need to provide workers expensive incentives such as remote allowances, free/subsidised accommodation, travel allowances and additional leave. There is a high turnover of staff in rural and remote locations due to a range of factors including isolation, culture shock and the complex and sometimes confronting nature of the work.

NACCHO notes the limitations of remoteness and population as criteria for pricing and funding allocations in thin markets. The Modified Monash Model, as sole criterion for pricing services or allocating funding and supports for aged care service delivery in thin markets, is inadequate.

Caution should also be exercised in banding remote areas (particularly MMM6 and MMM7) to determine pricing, and any associated supplements and subsidies. Noting that supplements relate to the delivery of funded aged care services to an individual, either to cover the direct cost or the incidental costs of delivering those services¹⁶, banding MMM6 and MMM7 together ignores the fact that the more remote the service delivery is, the more expensive it is.

The National Disability Insurance Scheme (NDIS), for example, claims that MMM6 costs are 40% higher than MMM1-5 prices, and that MMM7 costs are generally 50% higher.¹⁷ This aligns with feedback from NACCHO member services in remote areas.

The Department recently completed a review of the remoteness classification system for aged care. They found that, although they still recommended the use of MMM in policy settings, they noted that it provides an incomplete picture about local context, demographics, social and economic dynamics and aged care needs of regional, rural and remote areas.¹⁸ The Interim First Nations Aged Care Commissioner has previously expressed concerns that:

“...MMM categorisation is a flawed application in determining need and cost for aged care services. The rigid MMM classification does not account for nuance or local circumstances and disadvantages some service providers who are delivering services to Aboriginal and Torres Strait Islander people outside of the MMM6-7 locations...”¹⁹

Social demographer, Brian Cooper, in his analysis of NDIS data²⁰, notes several limitations with using MMM as a classification tool for NDIS service delivery, funding allocation and policy decisions. He notes that the

¹⁶ Parliament of Australia, Explanatory Memorandum to the Aged Care Bill 2024, https://parlinfo.aph.gov.au/parlInfo/download/legislation/ems/r7238_ems_b7a81da3-8d0c-4501-99e4-0c33f8a39107/upload_pdf/JC014059.pdf;fileType=application%2Fpdf.

¹⁷ MyCareSpace, How to understand the NDIS MMM Pricing, October 2025, <https://mycarespace.com.au/resources/how-to-understand-the-ndis-mmm-pricing>.

¹⁸ Department of Health, Disability and Ageing, Review of the remoteness classification system for aged care final report, March 2026, <https://www.health.gov.au/resources/publications/review-of-the-remoteness-classification-system-for-aged-care-final-report>.

¹⁹ Office of the Interim First Nations Aged Care Commissioner, Submission to IHACPA Consultation on the Pricing Framework for Australian Residential Aged Care Services 2025-26, October 2025, https://www.health.gov.au/sites/default/files/2025-10/ifnacc-submission-ihacpa-consultation-on-the-pricing-framework-for-residential-aged-care-2025-26_0.pdf.

²⁰ Cooper, B., The Modified Monash Model (MMM) is widely used within NDIS data to classify regions based on remoteness and urbanisation. However, its methodology, application, and institutional biases present serious concerns that affect service delivery, funding allocation, and policy decisions, LinkedIn.com, February 2024, <https://www.linkedin.com/pulse/critical-analysis-modified-monash-model-mmm-ndis-data-brian-cooper-uygjc>.

Modified Monash Model categorises areas based on remoteness, without considering the cultural and social realities of different populations such as Aboriginal and Torres Strait Islander communities.

Aboriginal and Torres Strait Islander people prefer to access community-controlled services, however there is a lack of access to community-controlled aged care services, and aged care services generally, across remote and very remote areas. In some remote regions there are no services; in others there are older people on waitlists for basic services including 'Meals on Wheels' and 'Domestic assistance'.

Equitable access to aged care services relies on policy environments that support new providers to enter economically and/or culturally thin markets.

Services delivered in rural and remote locations face unique challenges that increase operational costs. IHACPA should consider the following factors:

- Workforce shortages: fewer qualified staff available, meaning that higher wages are required to attract and retain workers.
- Travel and transport costs: long distances between communities, in combination with high (and rising) fuel and vehicle costs. Travel time also reduces direct service delivery time.
- Accommodation and logistics: in remote areas, there is limited or expensive staff housing. There are also additional costs for meals, freight, and supplies.
- Lower service volumes: smaller populations result in higher cost per client.
- Cultural and community engagement: time and resources are needed to build trust and relationships in communities. This includes use of interpreters and culturally safe approaches.
- Infrastructure limitations: poor internet connectivity, limited facilities and equipment resulting in extra costs to deliver care safely and effectively.
- Barriers to entering the market: there is no capacity building support for community controlled services wishing to enter the market.

These impact equity of access to aged care services, access to culturally appropriate services and create barriers to new providers entering the market.

NACCHO recommends Support at Home Pricing Framework pricing should accurately reflect the cost and context of service delivery as well as, for ACCHOs, the holistic, multidisciplinary model of care delivery.

IHACPA pricing principles

IHACPA Pricing Principle – Access to services

Pricing should support timely and equitable access for those assessed as needing in-home aged care services.

Noting that 'best practice in aged care' in Aboriginal and/or Torres Strait Islander community settings may look different from that in mainstream settings, to ensure equity of access to aged care services for Aboriginal and Torres Strait Islander people and other diverse populations, IHACPA's *Access to services* principle should acknowledge the need for access to in-home aged care services that are culturally appropriate for the local population.

Having a principal of equitable access to in-home aged care services in a community does not ensure that those services meet the specific care needs of diverse populations.

NACCHO recommends IHACPA's *Access to services* principle is amended to read 'Pricing should support timely and equitable access to *culturally appropriate services* for those assessed as needing in-home aged care services.'

IHACPA Pricing Principle – Pricing equity

Pricing should be fair and equitable and account for cost variations faced by some providers in delivering care and services, including thin markets.

It is important to acknowledge that both economically and culturally thin markets for aged care services exist in urban as well as rural, regional and remote areas.

NACCHO recommends IHACPA's *Pricing Equity* principle is amended to read 'Prices should be fair and equitable and account for cost variations faced by some providers in delivering care and services, including in *economically and culturally* thin markets.'

New IHACPA Pricing Principle – Closing the Gap

In line with the first recommendation in this submission, that a pricing framework for Australian Support at Home Aged Care Services should align with the National Agreement and its four Priority Reform Areas, and to support all other recommendations in this submission, we recommend adding a specific pricing principle to support Closing the Gap.

NACCHO recommends pricing principles support Closing the Gap through increased numbers of community controlled providers and participation in the system for Aboriginal and Torres Strait Islander people.

Cost collections

IHACPA uses Support at Home activity and cost data to develop its pricing and pricing advice. This data is collected through annual cost collections. While they have a representative sample of services, it is unclear how many Aboriginal and Torres Strait Islander services are providing data. IHACPA should be more transparent in how ACCO/ACCO sector data is being used in pricing considerations. This includes whether there this data is specifically identified as being from the ACCO sector, and how it is disaggregated.

In collecting data as a government agency, IHACPA is obliged to uphold Priority Reform 4 of the National Agreement on Closing the Gap – shared access to data and information at a regional level. Any data collected should be fed back to communities in a meaningful way. IHACPA should also consider the principles of Indigenous Data Sovereignty and Indigenous Data Governance.

IHACPA can make it easier for providers to contribute to cost collections by respecting cultural and community contexts, as detailed below.

Strategies to support participation from Aboriginal and Torres Strait Islander providers

Use culturally appropriate approaches

- Plain language: Avoid technical jargon to make information easier to understand.
- Visual formats: Use diagrams, flowcharts, and infographics to explain processes.
- Local guidance: Engage Aboriginal and Torres Strait Islander health organisations and community leaders to guide the process. Make time to build trust and learning about local culture and context.
- Place based approaches: Follow community priorities and protocols. Co-design processes and communication strategies.

Building trust

- Show them why it matters: help providers to understand the value of participating and how the data they provide will contribute to improved funding and services and better outcomes for Elders and older people.
- Transparency: explain the benefits of participating. Share results to demonstrate how data improves service delivery.

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- Responsiveness: respond to feedback in a timely manner.
 - Relationships: maintain the relationship over time.

Make it easier for providers

- Keep it simple: Streamline forms and reduce unnecessary reporting.
- Reduce workload: Minimise unnecessary reporting steps.
- Provide direct support: Offer hands-on assistance, training, and resources to support busy providers to contribute. Fund administrative support where needed.
- Adapting for culture and context: Tailor approaches to community needs and cultural priorities.
- Flexibility: Having flexible submission options, including extra time. Take time to understand barriers to participating and adapt processes for remote or small services.