# TechKnow Podcast – November 2026 – ***Refining the aged care reforms***

Recorded 29.10.26, due for release 18.11.26

## Synopsis

Aged care reforms continue to evolve, with recent changes affecting in-home support, residential care funding and the costs faced by older Australians. In this episode of TechKnow, Michael Tran, BT's aged care technical expert explores key updates to the Commonwealth Home Support Programme (CHSP) and Support at Home, along with new measures designed to increase residential aged care capacity and improve access for low-means residents. He also looks ahead to proposed changes to accommodation payments and the future of Refundable Accommodation Deposits (RADs).

## Transcript

Although the largest reforms to the aged care system occurred just over a year ago, there has been continual refinement to the rules. This is because not all recommendations from past major reviews as well as the Royal Commission have been fully implemented, and additionally the government wants to ensure the system is fit for purpose.

Hello, and welcome to TechKnow, a podcast series brought to you by BT Technical Services. My name is Michal Tran, Technical Consultant in the BT Technical Services team – a group of professionals dedicated to helping you as advisers work through strategy options for your clients.

Before we begin, I'd like to acknowledge the traditional owners of the land on which we are recording today, the Gadigal people of the Eora Nation here in Sydney, and pay my respects to elders past, present, and emerging.

In this podcast, we will look at some recent developments and announcements that have arisen within the last six months that affect the aged care landscape focusing on the most accessed parts of the system.

I'll cover the changes in the order of the level of supports a participant receives starting with the Commonwealth Home Support Program (CHSP) which provides older people who access entry-level support services to live independently and safely at home. It generally helps people with short-term, episodic and low complexity needs. As part of the major reforms in November 2025 this program was meant to be absorbed by the broader Support at Home program no earlier than 1 July 2027. Last August, the government have announced the program will extend for two years to 30 June 2029 giving certainty to around 830,000 people who use these services. Out of the broader aged care system this program contains most users, as statistics at 2024-25 show the proportion of 1.5 million people who use some form of aged  care, about 55% access the CHSP. Most users access it for domestic assistance like general house cleaning, shopping delivered to home followed by allied health services.

Next are some minor changes to the Support at Home program, a program to help older people remain at home as they age by delivering coordinated care and services to meet their assessed ageing related care needs. In comparison to the CHSP, participants generally have ongoing and more complex needs. A tranche of the program assists those with a prognosis of less than approximately three months to live by providing funding that supports them over 12 weeks although this can be drawn down over a maximum of 16 weeks. From 8 March 2027, participants who are still living at home after the 12 weeks will receive another amount of funding for another 12 week period without reassessment.

On the broader Support at Home program since 1 October 2026, the government has reclassified personal care services from the independence service type to clinical. Personal care services include those that assist with self-care and activities of daily living like help with personal hygiene and eating. Before 1 October participants needed to contribute to the cost of these personal care services ranging from 5% to 50% depending on their means and grandfathered residents anywhere from 0% to 25% depending on their income because it was classified as an independence service type. Now that it has been classified as a clinical service type all participants have no contribution towards this cost where the service is approved for them and it is covered by their budget. For example, it means a self-funded retiree may have paid half the cost of a nurse assisting them with dressing or undressing and showering out of pocket, whereas since 1 October 2026 they would pay nothing if it fell within their overall Support at Home budget.

We have looked at the changes to in-home care and now we turn our attention to residential aged care. Before I cover the changes I cover some context and describe the rationale behind the changes. In aggregate, the Department of Health, Disability and Ageing forecasts the projected use of residential care to more than double from 198,302 people in 2024 to 409,677 in 2044. To meet projected demand, the sector will need at least 10,600 additional places per year over the next two decades. The average facility has about 83 places and it means to reach the target a new residential aged care home needs to be opened every three days. This is unrealistic. In the last five years an average of 1,470 net places have been added per year or less than 14% of the target.

Reflective of these concerns is data from the Department that occupancy levels are at historically high levels across most locations and estimated in January 2026 to be 95% nationally. Supply issues generally have a greater effect on low means residents as facilities have a choice who they offer a bed and it is to their benefit to offer it to those paying a market price rather than receive a lower amount of up to the maximum accommodation supplement.

Several measures have been announced to address these issues. The first is to commence from 20 March 2027 increasing the maximum accommodation supplement by $5 per resident per day with new tiers applied for the accommodation supplement for a facility. In the context of funding for the facility this is the maximum amount the facility can receive for accommodation costs for low means residents making it slightly more favourable to take on such residents compared to if the change does not occur. From the perspective of fees a resident may pay, it can increase the cohort of new residents who are assessed as low means at entry, but it can increase the amount a low means resident contributes towards their accommodation costs as the figure also acts as a cap on this expense. With it increasing, the upper limit also increases. As the maximum accommodation supplement increases it could also potentially reduce the hotelling contribution or the non-clinical care contributions all residents pay.

Currently there are three main accommodation supplement levels payable depending on the condition of the facility, and whether the 40% or more residents are low means or supported. If the ratio is lower the rates noted are reduced by 25%. For new or significantly refurbished facilities after 20 April 2012 the higher accommodation supplement rate is payable, currently $73.73 per day. If it is not such a facility but meets privacy and space requirements it is $48.09 per day. Failing this it only receives $40.38 per day.

Ok, before we look at what is changing with these supplemetns well it’s now time to take a short break, but don’t go anywhere.  I’ll be back in less than a minute to look at changes to residential aged care.

<short break>

Welcome back. Before our break we reviewed the current accommodation supplement rates which had amounts dependent on the standard of facility and this had three different categories as well as the ratio of supported residents. From 20 March 2027 facilities are only distinguished based on whether they are new or significantly refurbished since 20 April 2012. In other words, you no longer have the category of facilities whether or not they meet privacy and space requirements.

For those that are new or significantly refurbished since 20 April 2012, there are also tiers based on the proportion of low means residents. Unfortunately with this aspect, the latest figures provided are back in June, before the latest round of indexation in September and without a stated calculation method I must refer to out of date numbers to illustrate the differences. New or refurbished facilities receive up to the higher accommodation supplement of $77.30 (based on pre-September figures and will be indexed), and if the facility is not one of these only the base accommodation supplement of $52.15 (again the figure before September indexation). There are no tiers for facilities that are not new or significantly refurbished so for this group it won't matter the proportion of low means/supported residents, the accommodation supplement for these facilities will always be set at the same rate.

In the former group, the three tiers are based on the proportion of low means residents. The full amount is received if 40% or more are supported, then in a mid-tier if at least 30% but less than 40% it is $66, and if not it is a lower amount of $59.23.

In comparison with existing subsidies there is an increase across the board for all circumstances and this gives facilities incentive to increase their proportion of low means residents as they can receive greater funding. The three tiers for new and refurbished homes will reduce the impact of having the ratio of low and supported residents fluctuating around the thresholds as there is not as sudden of a drop off, it is more like a 15% reduction if the ratio falls from 40% or higher to 30-39% instead of a 25% drop under the current rules.

There are other measures to increase the places but these don't relate to the fees directly paid by the residents other than to increase supply of places overall which aim to combat the looming increases to demand.

From January 2027, facilities will receive an additional $30 per supported resident per day up to 25 years if it is a new home or an additional $15 per supported resident per day for up to 15 years for existing homes that increase bed numbers by 40% or more from 1 Nov 2025.

From 20 March 2028 facilities will receive a separate $20 per day per supported resident if they maintain a 60% or higher ratio of low means residents and this will be available to June 2036. Both sets of funding aim to increase the numbers of beds but also to reduce the effect of limited supply on low means residents.

Separate to this is a proposed change announced in the Federal Budget which looks to untie the relationship between the RAD and DAP by ceasing the use of the MPIR to calculate this by 1 July 2027, however no further details have emerged since this date. The change will allow providers to use their own conversion rate which will help them target their desired source of financing for the accommodation costs. For example, a facility might use a higher conversion rate if they wish to receive more deposits as a resident's opportunity cost for paying regular payments will be this conversion rate, on the other hand a particular facility may use a lower conversion rate if it wishes to maximise cashflow and attract DAP payers. Severing the use of the MPIR for the conversion will also mean there are fewer instances of residents having large discrepancies between accommodation costs despite entering care only quarters apart as the MPIR is linked to cash rates and currently a resident’s applicable rate is generally the one that applied at entry.

A related measure which has yet to see developments since 2024 relates to the review and eventual cessation of RADs as an option to pay for accommodation costs, despite the long history with this proposal, for example it was a recommendation of one of the Commissioners in the Royal Commission into Aged Care Quality and Safety and the Aged Care Taskforce further recommended this in March 2024. The latter review recommended an independent review on this topic in 2030 and for the sector to transition away from RADs by 2035. Here the government’s response was to take progressive steps to ensure providers reduce their reliance on RADs and consider phasing out RADs, subject to an independent yet to be legislated review by 2030. There have been no Bills to implement this measure so we are unaware of the transition steps and replacement funding model.

Finally, additional protections have been put in place since 1 November 2026 for Higher Everyday Living Fees for individuals who were residents before 1 November 2025. Providers cannot charge for services that residents received at no extra cost immediately before 1 November 2025 and will need to be provided free of charge. Protections also apply to ensure residents are not disadvantaged when the facility makes minor variations to the service and as long as the new service is substantially the same in purpose, outcome, nature or benefit as the previous the facility must still provide this free of charge. An

example is if a pre-1 November 2025 resident was not charged for having a television within their own room, they cannot be charged for this after 1 November 2026. This is despite the service being able to be provided to post-1 November 2025 residents for a fee because it is above minimum standards set out in aged care law which requires one to be supplied in a communal area.

Well, that's about all we have time for in this podcast.

Just a reminder, if you have any questions about the content of today's podcast, or other advice strategy questions in general, and you are a registered adviser with BT Panorama, you can contact our BT Technical Services team via the BT Panorama mobile app. To call, simply open the app, head to the contact us section, and navigate to the option to initiate a call with BT technical services. Or you can simply email the team at technical@btfinancialgroup.com.

And don't forget to join us for our fortnightly BT Academy Webinar series where we talk all things regulatory and technical. Our next webinar will be held at midday ADT on Wednesday, 18 November 2026 when Westpac's Luka Belobradjic will be providing an economics update.

To register for that session, simply head to www.bt.com.au/professional and navigate to the Events and Webinars section within BT Academy. You can also explore some of our previous webinars that are available on demand and qualify for CPD points if originally held within the last 12 months.

Once again, thanks for joining us today. Until next time, bye for now.