

OUT WITH HOME CARE, IN WITH SUPPORT AT HOME

The Government has recently announced and introduced legislation into Parliament to implement the long-awaited aged care reforms. These reforms have received bipartisan support, enhancing the chances of successful legislation. However, changes could still arise during the implementation phase.

The reforms will impact residential aged care and home care based on the principle that those who can afford to pay more will do so. This is unsurprising following the 2021 Royal Commission Final Report, which identified several deficiencies in the aged care system, particularly in the delivery of home care.

Due to the extent of the changes, this note will only include the home care changes. Changes to residential aged care have been addressed separately.

From 1 July 2025, a new program, *Support at Home*, will replace the current home care packages program for higher care needs. Additionally, the Commonwealth Home Support Program for lower care needs will transition into *Support at Home* from 1 July 2027, at the earliest.

To address the consistent message that older people prefer to receive aged care at home rather than moving into a facility, the new *Support at Home* program is a large part of the broader aged care reform, receiving \$4.3 billion of the \$5.6 billion additional funding.

The changes

The fees for *Support at Home* will be higher for most under the current system. The basic fee and means-tested fee will be replaced with a set percentage contribution of the cost of each service the participant receives,

determined by two factors:

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

The Government will fund all clinical care, which includes nursing, physiotherapy and occupational therapy. Independence, such as personal care, transport, social support and everyday living, such as cleaning, meal delivery, gardening and home maintenance, will require a contribution from the participant. The contribution levels are as follows:

- Full pensioners: Contribute 5% for services to support independence and 17.5% for everyday living.
- Part pensioners: Contribute 5-50% for services to support independence and 17.5-80% for everyday living.
- Self-funded retirees: Contribute 50% for services to support independence and 80% for everyday living.

The fees for the *Support at Home* package over a lifetime will be capped at \$130,000. This cap includes non-clinical care contributions paid for residential aged care.

The classification levels, which determine the level of funding, will also change under the *Support at Home* program. The current four levels will increase to eight to provide a more tailored support program. The funding will range from \$11,000 to \$78,000 per annum over the eight levels. Level eight will see over a \$16,000 increase in funding from the current level four amount.

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

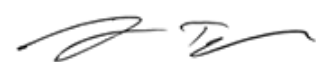
- Restorative care – provides access to support for 12 weeks, with a potential four-week extension, focused on allied health to regain function and build strength and capabilities.
- End-of-life care – provides funding of up to \$25,000 for people diagnosed with three months or less to live to allow them to remain at home.

Additional funding will be provided for home modifications (e.g. ramps, hand railings) and assistive technology (e.g. walkers), so people will no longer have to save their package funds for this support.

Wait times will also be considered; the current wait time between approval and receiving the funding is 12 months for a level 3 or 4 package. The aim is to reduce all waiting times to three months by 1 July 2027.

These changes aim to improve the quality and viability of the aged care system, ensuring older people can receive the care they need in the comfort of their own homes.

If you have any questions or would like to discuss these changes further, please contact your Bell Potter adviser.



Jeremy Tyzack

Head of Technical Financial Advice
Bell Potter Securities

Bell Potter's technical financial advice team can put together a strategy designed to help you achieve your retirement objectives.

Working with you and your Bell Potter Adviser, we can help with most financial aspects of retirement, including:

- Identifying your financial goals
- Structuring your existing assets appropriately
- Identifying your approach to investment and your appetite for risk, and
- Reviewing your current superannuation arrangements.

To create a tailored investment plan based on your needs and objectives call your adviser or 1300 0 BELLS (1300 0 23357).

IMPORTANT INFORMATION: This information was prepared by Bell Potter Securities Limited ABN 25 006 390 772 AFSL 243480 (Bell Potter) for use by Australian residents. This information is of a general nature and does not take into account your personal objectives, situation or needs. Before making a decision about investing, you should consider your financial requirements and if necessary, seek appropriate independent financial, legal, taxation or other advice. This information is believed to be correct at the time of compilation but is not guaranteed to be accurate, complete or timely. Bell Potter and its related bodies corporate do not accept any liability arising out of the use or distribution of this information. Shares should be considered a long-term investment which may be volatile over the short term and may fall in price. Past performance is not a reliable indicator of future returns.