



**Department of Health and Aged Care**

**New Aged Care Act Rules consultation – Release 2a – Funding  
for Support at Home program**

Submission from the Institute for Urban Indigenous Health

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Contact



## Background

The Institute for Urban Indigenous Health (IUIH) welcomes the opportunity to provide feedback on the Consultation Draft of the Aged Care Rules 2024 on the funding arrangements for the new Support at Home Program (SAHP).

Through this feedback, we offer specific recommendations from an Aboriginal and Torres Strait Islander perspective about critical and necessary improvements to the new SAHP program policy and funding arrangements.

We believe that these improvements will allow for the better alignment of the proposed SAHP program policy and funding arrangements with the recommendations of the Final Report of the Aged Care Royal Commission, including ensuring a First Nations Pathway within the new aged care system to redress the significant disparities that exist for First Nations people to gain equitable participation and access to the full range of aged care programs available in Australia.

We trust that concerns raised in our feedback will be heard and reflected in the final iteration of the Aged Care Rules 2024 for the funding arrangements for the new SAHP. As always, IUIH welcomes an opportunity to urgently discuss our concerns with the department and collaboratively co-design practical and detailed Indigenous-led alternatives to mitigate inadvertent adverse effects of the proposed SAHP funding arrangements and policy on First Nations people.

### The Institute for Urban Indigenous Health (IUIH)

Since 2012, the Institute for Urban Indigenous Health (IUIH) has continuously delivered aged care services to Aboriginal and Torres Strait Islander older persons. IUIH is a registered aged care provider and the largest single provider of home-and-community aged care services to Aboriginal and Torres Strait Islander older persons in Australia.

IUIH currently supports some 4,000 First Nations Elders through Commonwealth Home Support Program (CHSP) services, more than 400 Home Care Packages (HCP), and services funded through the National Aboriginal and Torres Strait Islander Flexible Aged Care Program (NATSIFACP). Our service footprint includes South-East Queensland (SEQ) – incorporating seven Aged Care Planning Regions (ACPR) from the Sunshine Coast to the New South Wales border – and, following a request from the System Governor in 2017, the Wide Bay ACPR.

IUIH is also a regional Aboriginal and Torres Strait Islander Community Controlled Health Organisation (ACCHO) incorporated under the Corporations Act 2001. IUIH was established in 2009 as a regional strategic response to the significant growth and geographic dispersal of Aboriginal and Torres Strait Islander people within SEQ. As one of Australia's largest ACCHOs, IUIH represents a network of ACCHOs in SEQ, one of Australia's largest and fastest-growing Indigenous regions. SEQ is home to 42% of Queensland's and nearly 12% of Australia's Indigenous population. Since 2011, the IUIH Network footprint population has dramatically increased from 59,483 people and is projected to grow to 150,619 by 2031, representing 153% growth (source: Australian Bureau of Statistics (ABS) (2024) - Estimates and projections of the Aboriginal and Torres Strait Islander population for 2011-2031).

The IUIH regional network provides care to around 40,000 regular Indigenous clients through 17 comprehensive primary care clinics and other locations, such as our Birthing in Our Community (BiOC) Hubs, Staying Deadly (mental health) Hubs and IUIH's renowned Deadly Choices community engagement and school and community-based health education and prevention programs. The IUIH Network aims to achieve family wellness through a one-stop-shop model of integrated health and social support services for Aboriginal and Torres Strait Islander individuals and families.

Care coordination is embedded within the IUIH System of Care (ISoC), which is a nationally acclaimed and independently validated model shown to close the gap faster. In a ground-breaking approach to systems design, ISoC supports new care pathways, pioneering an interwoven and seamlessly navigable co-location of preventative health, chronic disease care, mental health and alcohol and other drugs (AOD) care, aged care, disability services, childcare services, legal services, child protection services, family wellbeing services, domestic and family violence supports, and social services - spanning the entire life course.

## Submission

IUIH appreciates the opportunity to provide feedback on the Consultation Draft of the Aged Care Rules 2024 on the funding arrangements for the new Support at Home Program (SAHP).

The implementation of the Support at Home Program (SAHP) from 1 July 2025 is of great concern and importance to IUIH and First Nations communities and the people we serve.

Below is our detailed submission outlining our specific feedback, concerns, and recommendations about the application of the SAHP Program Policy regarding the Fee Reduction Supplement, Client Contributions, and Means Testing.

Thank you for considering IUIH's submission. We welcome the opportunity to provide further information and discuss our submission in more detail.

### 1. SAHP Program Policy

IUIH has consistently advocated with the department as the System Governor that mainstream program policy cannot be imposed on Aboriginal and Torres Strait Islander older persons and Aboriginal and Torres Strait Islander Community Controlled Organisations (ACCOs) and other not-for-profit First Nations service providers for the following reasons:

- To do so would be to explicitly repudiate Recommendation 47 from *the Final Report of the Royal Commission into Aged Care Quality and Safety*, which called for an Aboriginal and Torres Strait Islander “pathway” within the reformed Aged Care System. Multiple specific implementation measures in Recommendation 47, as well as several other stand-alone Recommendations in the Final Report, mapped out the detail of how this “pathway” should operate.
- First Nations people do not access aged care at rates commensurate with their level of need. Despite representing nearly 4% of the Australian population of qualifying age for aged care services, as of 30 June 2020, First Nations Australians continue to be underrepresented in the aged care system, comprising:
  - 1.0% (n=2,000) of all people living in residential aged care
  - 2.4% (n=3,400) of all people using home care
  - 0.6% (n=20) of all people using transition care
  - 2.7% (n=22,300) of all people using home support (*Source: Australian Institute of Health and Welfare (AIHW) 2021, Profile of Indigenous Australians – Snapshot*).
- The application of mainstream program policy is what has delivered the racially discriminatory outcomes of the Aged Care System in the first place, which include a “gap” in the average national access rate of older Aboriginal and Torres Strait Islander persons into aged care that is at least 10% below parity with the rest of the Australian older population cohort.
- As long ago as 2018, prior to the establishment of the Aged Care Royal Commission, IUIH delivered *the National Consultation Report* and the text of the inaugural “Aboriginal and Torres Strait Islander Action Plan” for *the National Aged Care Diversity Strategy*, which the then Australian Government endorsed in recognition of the need to do things differently from the mainstream.
- Mainstream program policy fails to come to grips with the way that most Aboriginal and Torres Strait Islander older persons engage with the Aged Care System. Since 2016, IUIH has led the collaborative efforts between the department as the System Governor and the ACCO sector providers as the representatives of the First Nations communities on co-designing practical and detailed Indigenous-led alternatives, up to and including culturally appropriate and responsive evidence-based funding models and assessment strategies.
- The current aged care system does not ensure culturally safe care for First Nations people. Without changes, Australia’s aged care system will be unable to meet the growth in demand for culturally appropriate aged care that will accompany the increase in the eligible First Nations population (*Source: Aged Care Royal Commission Final Report (2024)*).

- The Royal Commission’s specific First Nations aged care reforms provide a vision, platform and direction for redressing systemic failures in providing adequate care for First Nations people, including to address:
  - The significant disparities that exist for First Nations people to gain equitable participation and access to the full range of aged care programs available in Australia. This is particularly critical in addressing higher and more complex health and social needs that First Nations people experience as they age. Otherwise, the gains to date to close the gap in life expectancy and health and socioeconomic outcomes will be lost.
  - The lack of culturally safe service choices for First Nations people. This is evident in a significant deficit of First Nations aged care providers who can best provide the essential foundational cultural enablers of trust and respect as well as culturally responsive services free of racism and discrimination. This is also further compounded by the continuing cultural barriers within the mainstream system and the lack of any real performance measures or targets that would ensure the accountability of mainstream providers to prioritise Indigenous needs and demonstrate cultural attunement and competence.
  - The lack of government aged care funding and program agility to match the pace and location of Australia’s rapidly growing and ageing Indigenous population. This is particularly evident in the urbanisation of the Indigenous population, with nearly 66% of the First Nations people now living in defined urban areas in major cities and inner-regional centres, a further 19% in outer-regional areas and the remaining 15% in Remote (6.0%) and Very Remote (9.4%) Australia. By 2031, the Indigenous population is projected to continue to grow rapidly in major cities, remain stable in inner and outer regional centres and continue to decrease in remote and very remote Australia (*Source: ABS 2019 - Estimates and Projections, Aboriginal and Torres Strait Islander Australians*). Despite these trends, the agility of aged care programs and funding is not commensurate with the need that has been generated because of this continuing demographic shift.

Bearing these considerations in mind, IUIH has reviewed the text of the proposed Rules in Consultation Release 2a for the Support at Home Program. We will focus our feedback on the related issues of client contributions/means testing/fee reduction supplement.

## 2. Fee Reduction Supplement

*Chapter 7, Part 5, Section 197A of the Rules in Release 2a – Support at Home Program* refers to “Fee reduction supplement – circumstances (financial hardship)”.

The IUIH Network and our First Nations clients and communities are very concerned that Section 197A omits the previously proposed provisions relating to the fee reduction supplement for Equity of Access for Aboriginal and Torres Strait Islander aged care service recipients.

This provision was previously discussed between the Department of Health and Aged Care (DoHAC) and the First Nations Aged Care Governance Group (FNACGG). Subsequently, on 30 September 2024, the department circulated the following advice to FNACGG:

*“The Department is considering instructing that there be two kinds of fee reduction supplements available:*

1. *Financial Hardship: – The individual is unable to afford to pay the individual contribution amount due to financial hardship, e.g., the individual has ongoing high medical expenses.*
2. *Equity of Access: The individual is an Aboriginal or Torres Strait Islander person.”*

Further, these proposed Financial Hardships and Equity of Access reduction supplements were then confirmed in the department’s official publication titled *Aged Care Bill 2024 – Overview of Aged Care Funding (Chapter 4)*. The stated purpose of this publication is “to assist the Senate Community Affairs Legislation Committee in their inquiry into the *Aged Care Bill 2024 (Bill)* by providing an overview of what can be expected in the *Aged Care Rules 2024 (Rules)* regarding

the funding of aged care services ahead of their publication as an exposure draft on the Department of Health and Aged Care's website: [health.gov.au/aged-care-act-consultation](https://health.gov.au/aged-care-act-consultation)".

Specifically, pages 7-8 of this publication state that:

*"Similar to the hardship supplement for the Home Care Packages program under sections 48-10 to 48-12 of the 1997 Act, the Rules (section 197) will prescribe a fee reduction supplement as a secondary person-centred supplement that may be applicable in the following circumstances:*

*Aged Care Bill 2024 – Overview of Aged Care Funding (Chapter 4) 8*

- **Financial hardship grounds** – the System Governor considers that the individual paying the individual contribution would cause them financial hardship.
- **Equity of access** – the individual is an Aboriginal or Torres Strait Islander person."

**IUIH Recommendation One:** That the **"Equity of access – the individual is an Aboriginal or Torres Strait Islander person"** fee reduction supplement provision be **unequivocally and unambiguously reinstated in the text of Rules Release 2a – Support at Home Program**.

It has been well documented that for First Nations people, the cost, including the service contribution/gap fees, is amongst the most significant barriers to accessing services (Source: AIHW 2024 - Aboriginal and Torres Strait Islander Health Performance Framework: summary report August 2024, Accessed 4 December 2024). Reinstating the **"Equity of access – the individual is an Aboriginal and Torres Strait Islander person"** fee reduction supplement provision would, therefore, ensure that First Nations aged care clients under the Support at Home Program would automatically be eligible for the application by the System Governor of provisions relating to the fee reduction supplement.

On 30 September 2024, the Department of Health and Aged Care, as the System Governor, offered to consult with First Nations aged care service providers regarding the specific methodology for applying fee reduction supplement protocols for Aboriginal and Torres Strait Islander persons. This consultation is still pending, and should it occur, will further contribute to a broader consultation context about the New Aged Care Act Rules.

### 3. Client Contributions

Since 2013, with the initial development funding support from the Department of Health and Aged Care (DoHAC), IUIH pioneered the implementation of an innovative "integrated model" of aged care services and primary health care services. This integrated model has enabled IUIH to deliver wrap-around, complementary health supports and services to aged care program clients by drawing on the IUIH Network's physical infrastructure of 17 community-controlled primary care clinics and its interdisciplinary clinical workforce.

One of the consequences of the service efficiencies made possible by the implementation of this integrated model has been that IUIH has always been in a position where it has not had to mandate that our Aboriginal and Torres Strait Islander clients pay a cost contribution for home and community aged care supports they received under this integrated model. This is a critical feature of the success of the integrated model in significantly improving the aged care access and outcomes for First Nations elderly people since the model is intentionally targeted at the most disadvantaged and marginalised with no or very limited means and resources to access the full range of age care and other wrap-around supports in accordance with their assessed needs and circumstances.

Since then, the Department of Health and Aged Care (DoHAC) has engaged IUIH to deliver the Aged Care Capacity Building project in several priority locations across Australia with low levels of access to aged care by First Nations people. The project will support ACCHOs in these locations to become registered aged care providers and emulate the IUIH Integrated Model in their local contexts.

Besides, this “no client contribution” approach is aligned with the Aboriginal Community Controlled Health Organisations’ (ACCHOs) community-controlled philosophy and governance, which recognises that the cost is amongst the most significant barriers for First Nations people to accessing health and other social support services. Hence, all services offered by ACCHOs are provided at no cost to Indigenous clients. The Australian Government also recognises that the cost is a significant barrier and is a key funder of services and programs for First Nations people, including through the Department of Health and Aged Care (DoHAC) Indigenous Australians Health Programme (IAHP) and other programs as well as through the DoHAC administered exemption under section 19(2) of the *Health Insurance Act 1973 (Cwlth)* to permit Aboriginal Community Controlled Health Services (ACCHS) access to Commonwealth funding, even if state governments fund them.

Under the application of the mainstream program policy for the Support at Home Program’s “home support service type” when the new *Aged Care Act* comes into effect on 1 July 2025, IUIH and other ACCHO providers delivering the SAHP support would be compelled to demand that its Aboriginal and Torres Strait Islander clients pay a fee/make a cost contribution for their Home Care Package/SAHP services, even if they are full pensioners. This application occurs because the System Governor will not reimburse IUIH for a specified cost contribution towards the Price of each delivered service. Consequently, in relation to maintaining the financial viability of their SAHP service offerings, ACCHOs will be required to pursue Aboriginal and Torres Strait Islander clients to pay that “missing” portion of the service Price in the form of their required individual cost contribution.

In other words, the System Governor’s mainstream program policy for the SAHP would put ACCHOs in a position where they would have to charge their First Nations Elders the client contributions fees for SAHP services while similar services such as transport, allied health, nursing, individual and group support and others would continue to be provided free of charge to younger First Nations people through primary care clinics where such services are funded through other DoHAC and Commonwealth and State government programs.

IUIH has repeatedly raised concerns with DoHAC as the System Governor about sensitivities and risks arising from the application of the mainstream program policy for SAHP (and other Aged Care reform initiatives) to ACCHOs, ACCO and other not-for-profit First Nations aged care providers pioneering the “funding for value”, wrap-around, holistic, and evidence-based models spanning the entire life course which have been shown to close the gap faster.

The enforced duality of having to operate both “a fee for service/client contribution” and “no client contribution” approaches within an integrated model is a prescription for community-driven governance instability and will almost certainly lead to some First Nations community-controlled service provider organisations withdrawing from delivering SAHP-funded aged care services or exiting the Aged Care System entirely. This would be contrary to both:

a) The recommendations of the *Final Report of the Aged Care Royal Commission*, including:

- to ensure a First Nations Pathway within the new aged care system and
- support the growth and viability of ACCHOs and other Aboriginal Community Controlled Organisations (ACCOs) seeking to enter the aged care service provider market; and

b) all Australian government’s commitments under the *National Agreement on Closing the Gap 2020*, including:

- Acknowledging that ACCOs are better for Aboriginal and Torres Strait Islander people, achieve better results and employ more Aboriginal and Torres Strait Islander people, and are often preferred over mainstream services (Clause 43).
- Agreeing to implement measures to increase the proportion of services delivered by Aboriginal and Torres

of funding prioritisation policies across all Closing the Gap outcomes that require decisions about the provision of services to Aboriginal and Torres Strait Islander peoples and communities, to preference Aboriginal and Torres Strait Islander community-controlled organisations and other Aboriginal and Torres Strait Islander organisations (Clause 55).

- Ensuring that investment in mainstream institutions and agencies will not come at the expense of investment in Aboriginal and Torres Strait Islander community-controlled services (Clause 66).
- Increasing the amount of government funding for Aboriginal and Torres Strait Islander programs and services through ACCOs (Priority Reform 2).

Applying the mainstream program policy regarding compulsory cost contributions from clients would make SAHP service offerings no longer affordable for many First Nations clients. This would then present a significant challenge to redressing the significant disparities that exist for First Nations people to gain equitable participation and access to the full range of aged care programs available in Australia. This is particularly critical in addressing higher and more complex health and social needs that First Nations people experience as they age. Otherwise, the gains to date to close the gap in life expectancy and health and socioeconomic outcomes will be lost.

If the System Governor wants to persevere with its mainstream program policy regarding compulsory cost contributions from clients, then the System Governor should establish its own systems and processes for debt collection of these cost contributions from all individual service recipients.

There is already growing concern and a sense of urgency among First Nations communities and community-controlled First Nations service providers brought upon by significant delays and lack of assurance to apply and unequivocally implement the First Nations Aged Care Pathway within the new Aged Care System. The aged care reforms to date do not provide the necessary vigour and flexibility for the implementation of the First Nations Pathway. This approach has been particularly manifest in the implementation of reforms to establish:

- A single program for non-residential aged care services, including a unified service model – the Support at Home Program (SAHP)
- A unified assessment system – the Integrated Assessment Tool (IAT)
- A unified funding model - based on individual care package funding.

We, therefore, welcome the opportunity to propose a practical solution that the *“Equity of access – the individual is an Aboriginal or Torres Strait Islander person”* fee reduction supplement provision be unequivocally and unambiguously reinstated in the text of Rules Release 2a – Support at Home Program.

**IUIH Recommendation Two:** IUIH calls for an **urgent dialogue between the department as the System Governor and IUIH and other ACCHOs as representatives of First Nations communities regarding the co-design and application of the fee reduction protocols for Aboriginal and Torres Strait Islander persons** as a practical and meaningful measure to mitigate the negative impacts of the compulsory cost contribution program policy under the new Support at Home Program on access and continuity of aged care for these cohorts.

#### 4. Means Testing

Reflecting the socio-economic status of its clientele, the vast majority of the IUIH’s Aboriginal and Torres Strait Islander aged care service clients are full pensioners. Based on the IUIH’s current level of knowledge of its clientele, approximately 2% of these current clients would be part-pensioners and self-funded retirees. From IUIH’s experience

Practice projects, this is generally the ratio of current First Nations clients who would be part-pensioners and self-funded retirees. As outlined earlier, ACCHOs, ACCO, and other not-for-profit First Nations aged care providers are pioneering the “funding for value”, wrap-around, holistic, and evidence-based models spanning the entire life course, which have been shown to close the gap faster. Further, these innovative and flexible aged care models are intentionally targeted at the most disadvantaged, marginalised and socially isolated First Nations elder people with no or very limited means and resources to access the full range of age care and other wrap-around supports in accordance with their assessed needs and circumstances.

However, under the mainstream program policy for means testing for the Support at Home Program, ACCHOs, ACCOs, and other First Nations providers will be required to install resource and fiscal-intensive systems, policies, and procedures to apply complex income and asset tests for every Aboriginal and Torres Strait Islander elderly person that it takes on as a client. For full pensioners, in the “independence category”, the individual contribution rate is 5%, and for the “everyday living category”, the individual rate is 17.5%. [As stated in *Rule 314AA - Method for determining individual contribution rate*]

IUIH is concerned that there will be two possible adaptive responses to the imposition of this resource and fiscal-intensive mainstream means-testing program policy on First Nations service providers since it adds no value given the characteristics of First Nations cohorts serviced by such providers as outlined above. One possible response will be to minimise the complexity and the scope of implementation by restricting service delivery only to Aboriginal and Torres Strait Islander older persons who are full pensioners. The second possible response is that First Nations providers will simply refuse to offer aged care Support at Home Program services for Aboriginal and Torres Strait Islander older persons.

The outcome from either of these adaptive responses will be harmful to access and equity outcomes for Aboriginal and Torres Strait older persons since mainstream service providers have little or no commercial interest in delivering services to this cohort, and this cohort is well aware that mainstream service providers are typically undesirable and inadequate in terms of their cultural capability to respond to specific circumstances and needs of First Nations clients.

IUIH wants to convey to the System Governor its view that the System Governor is likely to encounter practical compliance problems regarding the mainstream program policy “**Requirement to notify an event or change in the circumstances**” in respect of many Aboriginal and Torres Strait Islander Support at Home clients. Section 315A identifies the applicable list of specific changes in circumstances; Section 215B specifies a 14-day period within which notification of change in circumstances must occur; and Section 315C specifies that a designated Form must be used to submit the notified change in circumstances.

Based on the IUIH’s operational experience with the Aged Care System through community engagement, information dissemination, service access, and service delivery involving Aboriginal and Torres Strait Islander older persons, we are of the view that many, if not most, of these First Nations cohorts will be unable to comply with these mandated procedures at all, let alone within the specified timeframe.

**IUIH Recommendation Three:** IUIH calls for an **urgent dialogue between the department as the System Governor and IUIH and other ACCHOs as representatives of First Nations communities** regarding the co-design and application of the protocols for “*Method for determining individual contribution rate*” for Aboriginal and Torres Strait Islander persons by **removing the requirement for individual contribution** for most vulnerable and disadvantaged First Nations people as a practical and meaningful measure to mitigate the negative impacts of the compulsory cost contribution program policy under the new Support at Home Program on access and continuity of aged care for these cohorts.



**IUIH Recommendation Four:** IUIH calls for an **urgent dialogue between the department as the System Governor and IUIH and other ACCHOs as representatives of First Nations communities** regarding the co-design and application of the protocols for “**Requirement to notify an event or change in the circumstances**” for Aboriginal and Torres Strait Islander persons by **removing this requirement** for most vulnerable and disadvantaged First Nations people as a practical and meaningful measure to mitigate its negative impacts on access and continuity of aged care for these cohorts.

End of Feedback