Challenger Tech

FEBRUARY 2025

For adviser use only

Home Care reforms from 1 July 2025

By Sean Howard, Technical Services Manager

As part of the aged care reforms, the Support at Home Program will replace Home Care Packages and Short-term Restorative Care from 1 July 2025. The Commonwealth Home Support Program will continue until 1 July 2027 when it will transition to the Support at Home Program.

In this month's article we will look at the changes to the funding provided for home care and the fees payable from 1 July 2025. Where available, we have used current thresholds and where not available, we have used thresholds quoted in Government material.

Funding provided by the Support at Home Program

The four levels of home care packages will be replaced by eight ongoing classifications and two short term classifications (Restorative Care Pathway and End of Life Pathway) from 1 July 2025. As with home care packages, the Support at Home budget will increase as the classification increases[1].

Home Care Package level	Budget	Support at Home classification	Budget
1	$10,687 p.a.	1	$11,000 p.a.
2	$18,794 p.a.	2	$16,000 p.a.
3	$40,906 p.a.	3	$22,000 p.a.
4	$62,014 p.a.	4	$30,000 p.a.
		5	$40,000 p.a.
		6	$48,000 p.a.
		7	$58,000 p.a.
		8	$78,000 p.a.
		Restorative Care Pathway	$6,000
		End-of-Life Pathway	$25,000

1 Budgets published on the Department of Health and Aged Care website as at 5 February 2025.

challenger

The Support at Home budget will be paid quarterly and held on behalf of the recipient in an account managed by Services Australia. Home care providers will invoice Services Australia to be paid for home care services after they have been provided.

Support at Home recipients will be able to save up to $1,000 or 10% of their quarterly budget (whichever is greater) for the next quarter. Recipients will have 10% of their quarterly budget allocated to a funding pool for care management services.

The Restorative Care Pathway will replace the Short-Term Restorative Care Program from 1 July 2025. The Restorative Care Pathway will provide allied health services to regain function and allow individuals to live independently at home.

The Restorative Care Pathway will provide $6,000 for 12 weeks which may be extended to 16 weeks if additional time is required. This amount can be accessed twice within a 12-month period however, it cannot be accessed in consecutive quarters.

The End-of-Life Pathway will provide funding for individuals with less than three months to live who wish to stay at home. Existing Support at Home recipients can access the End-of-Life Pathway via a high priority support plan review. Individuals who are not existing recipients will be referred for a high priority assessment to determine eligibility for the End-of-Life Pathway.

The End-of-Life Pathway will provide $25,000 for up to 12 weeks and will work in conjunction with other specialist palliative care services. This amount can only be accessed once however, recipients who live longer than 12 weeks will transfer to the Support at Home Program.

Defined service list

The Government will introduce a defined service list as part of the Support at Home Program from 1 July 2025. The service list will have 3 categories (clinical care, independence and everyday living) with their own service types. Home care providers will set prices for home care services from 1 July 2025 however, the Government will set price caps from 1 July 2026.

Clinical care	Independence	Everyday living
Nursing care	Personal care	Domestic assistance
Allied health and therapeutic services	Social support and community engagement	Home maintenance and repairs
Nutrition	Therapeutic services for independent living	Meals
Care management	Transport	
Restorative care management	Respite	
	Assistive technology and home modifications	

For the list of services that can be accessed through the Support at Home Program, see the Support at Home Service List on the Department of Health and Aged Care website Support at Home service list | Australian Government Department of Health and Aged Care.

Home care providers will set prices for home care services from 1 July 2025 however, the Government will set price caps from 1 July 2026.

Participant contribution towards the Support at Home Program

The basic daily fee and income-tested care fee will be replaced by a participant contribution for home care services from 1 July 2025. The participant contribution will be a percentage of the price for home care services received. The percentage will depend on the type of service and pensioner status of the recipient. The participant contribution will have a lifetime cap of $130,000 (indexed).

	Clinical care	Independence	Everyday living
Full pensioners	0%	5%	17.5%
Part-pensioners and Commonwealth Seniors Health Card holders		5% - 50% depending on assessable income and assets	17.5% - 80% depending on assessable income and assets
Self-funded retiree		50%	80%

Independence and everyday living services for part pensioners and Commonwealth Seniors Health Card holders will be means-tested as follows[2]:

Step 1: Work out the income reduction amount
(Assessable income - income free area) x 50%

Step 2: Work out the assets reduction amount
(Assessable assets - assets limit) x 7.8%

Step 3: Work out the maximum reduction amount
(Income limit - income free area) x 50%

Step 4: Work out the input contribution rate
(Greater of Step 1 and 2 / Step 3) x 100

Step 5: Work out the percentage contribution
Independence (Step 4 x 0.45 + 5%)
Everyday living (Step 4 x 0.625 + 17.5%)

	Single		Couple	
Income free area	$5,512 p.a.		$9,672 p.a.	
Income limit	$99,025 p.a.		$158,440 p.a.	
Assets limit	**Homeowner**	**Non-homeowner**	**Homeowner**	**Non-homeowner**
	$314,000	$566,000	$470,000	$722,000

Assessable income and assets for the Support at Home Program will be the same as that assessed for Centrelink purposes. Where the Support at Home recipient does not disclose their means, they will be assessed as a self-funded retiree.

Assessable income and assets for the Support at Home Program will be the same as that assessed for Centrelink purposes.

2 Centrelink thresholds as at 1 January 2025.

Example

Giovanni is single, a homeowner and has been approved for home care. He has $500,000 in term deposits and $10,000 of personal contents. He currently receives a part Age Pension of $14,856 p.a. What is the calculation of his participant contribution?

Deemed income
($500,000 - $62,600) x 2.25% + $62,600 x 0.25% = $9,998

Income reduction amount
($9,998 - $5,512) x 50% = $2,243

Assets reduction amount
($510,000 - $314,000) x 7.8% = $15,288

Maximum reduction amount
($99,025 - $5,512) x 50% = $46,756.50

Input contribution rate
$15,288 / $46,756.50 = 0.3270
0.3270 x 100 = 32.70%

Percentage contribution

Independence:
32.70% x 0.45 + 5% = 19.71%

Everyday living:
32.70% x 0.625 + 17.5% = 37.94%

Grandfathering existing home care recipients

Grandfathering arrangements for existing home care recipients will be separated into funding and fees with the relevant dates being 30 June 2025 and 12 September 2024 respectively.

Existing home care package recipients on 30 June 2025 will receive the same funding from 1 July 2025. If these recipients require higher funding they will need to be reassessed under the Support at Home program at a higher funding classification (see above).

Existing home care package recipients on 12 September 2024 who do not currently pay an income-tested care fee will continue to pay no fees under the Support at Home Program. Existing recipients on 12 September 2024 who currently pay an income-tested care fee will pay the same or less than their current fees under transition arrangements.

For more information about the Support at Home transition arrangements, see the Support at Home Program handbook on the Department of Health and Aged Care website Support at Home program handbook | Australian Government Department of Health and Aged Care.

Grandfathered home care package recipients who move to residential care from 1 July 2025 will also be grandfathered under the current fee structure for residential care unless they opt into the new structure. The new accommodation structure for residential care, will still apply to grandfathered recipients as this is an agreement between the resident and the residential care provider.

These grandfathering arrangements for fees will also apply to individuals who were in the National Priority System or assessed as eligible for a home care package on 12 September 2024.

Grandfathered home care package recipients who move to residential care from 1 July 2025 will also be grandfathered under the current fee structure for residential care unless they opt into the new structure.

Assistive Technologies and Home Modifications Scheme

The Government will introduce an Assistive Technologies and Home Modification (AT-HM) Scheme from 1 July 2025. The AT-HM Scheme will provide funding for individuals to access products, equipment and home modifications to live independently at home.

There will be 3 funding tiers for assistive technology and 3 funding tiers for home modifications with set time periods in which the funding must be spent[3]. The high funding tier time period for home modifications may be extended to 24 months to complete complex modifications.

Funding tier	Funding cap	Time period
Low	Under $500	12 months
Medium	Up to $2,000	12 months
High	Up to $15,000	12 months

AT-HM recipients will have to pay the participant contribution and meet any additional costs above the funding cap. The high funding tier cap for assistive technology may exceed $15,000 with a valid prescription from a health professional.

For the list of products, equipment and home modifications that can be accessed through the AT-HM Scheme, see the AT-HM List on the Department of Health and Aged Care website Assistive Technology and Home Modifications List (AT-HM List) | Australian Government Department of Health and Aged Care.

3 Funding caps published on the Department of Health and Aged Care website as at 5 February 2025.

Contact details

Visit
challenger.com.au

Email
challengertech@challenger.com.au

Call Challenger Tech team
1800 176 486
(during Sydney business hours)

The information in this article is current as at 1 February 2025 unless otherwise specified and is provided by Challenger Life Company Limited ABN 44 072 486 938, AFSL 234670 (Challenger, our, we), the issuer of the Challenger annuities (Annuity(ies)) and Challenger Retirement and Investment Services Limited ABN 80 115 534 453, AFSL 295642 (CRISL). The information in this article is general information only about our financial products and is intended solely for licensed financial advisers or authorised representatives of licensed financial advisers, and is provided to them on a confidential basis. It is not intended to constitute financial product advice. This information must not be distributed, delivered, disclosed or otherwise disseminated to any investor, without our express prior approval. Investors should consider the applicable Annuity Target Market Determination (TMD) and Product Disclosure Statement (PDS) available at challenger.com.au and the appropriateness of the applicable product to their circumstances before making an investment decision. This information has been prepared without taking into account any person's objectives, financial situation or needs. Neither Challenger and/or CRISL, nor any of its officers or employees, are a registered tax agent or a registered tax (financial) adviser under the Tax Agent Services Act 2009 (Cth) and none of them is licensed or authorised to provide tax or social security advice. Before acting, we strongly recommend that prospective investors obtain financial product advice, as well as taxation and applicable social security advice, from qualified professional advisers who are able to take into account the investor's individual circumstances. Each person should, therefore, consider its appropriateness having regard to these matters and the information in the Target Market Determination (TMD) and Product Disclosure Statement (PDS) for the applicable Annuity before deciding whether to acquire or continue to hold the product. A copy of the TMD and PDS is available at challenger.com.au or by contacting our Adviser Services Team on 13 35 66. Any examples shown in this article are for illustrative purposes only and are not a prediction or guarantee of any particular outcome. Age Pension benefits described in this article will not apply to all individuals. Age Pension outcomes depend on an individual (or couple's) personal circumstances and may change over time. This article may include statements of opinion, forward looking statements, forecasts or predictions based on current expectations about future events and results. Actual results may be materially different from those shown. This is because outcomes reflect the assumptions made and may be affected by known or unknown risks and uncertainties that are not able to be presently identified. Challenger and CRISL relied on publicly available information and sources believed to be reliable, however, the information has not been independently verified by Challenger and CRISL. While due care and attention has been exercised in the preparation of this information, Challenger and CRISL gives no representation or warranty (express or implied) as to its accuracy, completeness or reliability. The information presented in this article is not intended to be a complete statement or summary of the matters to which reference is made in this article. To the maximum extent permissible under law, neither Challenger, CRISL, nor its related entities, nor any of their directors, employees or agents, accept any liability for any loss or damage in connection with the use of or reliance on all or part of, or any omission inadequacy or inaccuracy in, the information in this article.

60551/0325