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Independent Health and Aged Care Pricing Authority (IHACPA)

Consultation on the Pricing Framework for the Support at Home Aged Care Services 2027-28

April 2026



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Introduction

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Occupational Therapy Australia (OTA) is the professional association and peak representative body for occupational therapists in Australia. There are more than 34,000 registered occupational therapists (OTs) working across the government, non-government, private and community sectors in Australia1. OTs are allied health professionals whose role is to enable their clients to engage in meaningful and productive activities.

Occupational therapy (OT) is a person-centred health profession and is fundamental to the provision of safe and high-quality aged care services. OTs enable independence, prevent functional decline, increase quality of life, and reduce care needs and the provision of occupational therapy services is key to enabling older Australians to remain at home longer and facilitate a full and meaningful ageing experience in residential care settings.

OTs work with older people with age-related conditions such as poor balance and coordination, memory loss and confusion, and vision and hearing loss, which lead to changes in their ability to participate in the meaningful activities of everyday life. They provide services such as physical and mental health therapy, vocational rehabilitation, chronic disease management, assessments for assistive technology and the assessment of environment and safety risks.

OTs are a component of an effective home-based aged care service system. They provide service in the Commonwealth Home Care Program (CHSP), Short Term Restorative Care (STRC) program, and in Home Care Packages program. They will continue to be an integral part of Support at Home (S@H), and as CHSP and STRC is incorporated into the new system from 2027/28.

OTs operate in a range of settings (including service delivery as sole traders, in small, medium, and large private practices).

OTA Response to the IHACPA Consultation Paper

OTA welcomes the consultation being undertaken by IHACPA for the Pricing Framework for S@H Services for 2027-28.

OTA noted the release of October 2025 updated guidance around distinct time-billable units for face-to-face (direct') activities, and for related indirect activities for allied health. While a more flexible approach to billable hours and separate unit pricing is welcomed, OTA was disappointed that full detail in cost and activity data (to fully inform IHACPA's position) was not available. This creates delays in advising our membership around a highly pertinent developing policy initiative.

OTA continues to hold reservations around consultation focused solely upon Registered Aged Care providers, rather than the wider Allied Health workforce (for example, an approach encompassing sole providers).

There remains less-than-expected/identifiable progress on a truly sector-aligned pricing framework for Aged Care S@H services, or the establishment of comprehensive benchmarks for future pricing, to accommodate rapidly evolving local challenges. The inadequate data currently available will limit the Department's ability to set appropriate pricing for OT and other allied health services to ensure viability and sustainability of future service provision.

[1] Occupational Therapy Board of Australia (Australian Health Practitioner Regulation Agency), 2024; https://www.occupationaltherapyboard.gov.au/News/Annual-report.aspx

Occupational Therapy Australia

Further, the single-unit price approach to pricing does not adequately accommodate variations in client complexity or locations, and other considerations in the provision of OT services.

Noting that OTA welcomed IHACPA's intention to undertake a S@H Live Data Collection (SAHLDC) in 2025, and other measures to address data issues, OTA suggests comprehensive data collection remain required to ensure the real costs of providing OT services are incorporated in future aged care pricing. We discuss these issues by making the following recommendations.

OTA Recommendations

Recommendation 1: IHACPA pricing for Support at Home should align to evidence-based business overheads that Occupational Therapists must factor into their operating budgets.

Recommendation 2: Price fees that are reflective of comprehensive clinical care expertise and accompanying delivery requirements.

Recommendation 3: That sole trader overheads be considered in IHACPA's cost modelling and that provisions are made to ensure providers pass on the full unit hourly price to contracted clinicians.

Recommendation 4: OTA encourage IHACPA to engage with OTA and other appropriate allied health representative bodies, to access their deep professional networks and strong membership reach. This can increase insight and streamline testing of cost, funding, and pricing models/arrangements.

Recommendation 5: Travel needs to be charged for in a way that accurately reflects actual cost of service and doesn't create unintended consequences for service delivery and workforce availability.

Recommendation 6: Fee structures should reflect the strong role OT expertise plays in holistic, patient-centred, multi-disciplinary Allied Health delivery, met with according recognition. For example, inclusion of specific case conferencing line items, as utilised in the MBS.

Recommendation 7: Introduce complexity loadings for high-need clients, with a specific focus on rural, regional, and remote areas. Economic volatility created by both geo-political factors (e.g fuel shortages and price-hikes), and environmental factors such as flooding, fire or other extreme weather events affecting communications and infrastructure, create more significant care barriers for patient care and assessment.

Recommendation 8: Enable the inclusion of line items to support transparent invoicing and the collection of accurate data on the range of client-attributable activities and costs.

Recommendation 9: Annual indexation is applied to reflect rising costs when relevant**.**

Recommendation 10 : Significant refinements to data obtained in the Aged Care Financial Report and Quarterly Financial Report b e made to ensure quality data pertaining to the utilisation of allied health services like occupational therapy**.**

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OTA also urges IHACPA to consider the following in developing their pricing advice to government

- Adding price caps that do not reflect the actual cost of service provision will only further exacerbate existing workforce shortages, including difficulties in attracting and retaining allied health professionals to the sector.
- The unit price fails to enable reporting and benchmarking of costs and time required for the unique and essential role of OTs that require home-based service provision, such as environmental assessments and identification of home modifications.

Pricing Principles

OTA welcomes the refinements made to the pricing principles in response to the feedback received from the 2026-27 consultation process. However, data strongly indicates the $200.00 median pricing figure under-represents true business costs faced by Occupational Therapists, and that this gap – exacerbated by stronger-than-anticipated inflationary pressures for items like fuel – is causing strong reconsideration of continued service delivery, particularly in rural, regional and remote areas with thin markets.

Allied Health providers (AHPs) need to work to pricing that works within well-understood margins that allow them to sustainably run businesses. OTA's survey of members working in aged care settings has shown that many are considering withdrawing from the sector. With AHP numbers already falling, older people will have reduced access to the essential services they need to be able to maintain their independence, health and wellbeing and remain in their homes. Provider sustainability will require consideration of a range of issues and implications, which we outline below. [2]

In OTA's 2025-26 Support at Home survey, 38% of respondents had priced services at $201.00 - $250.00, with 11.9% charging over $250.00 per hour.[3] Over half of respondents to Occupational Therapy's Support at Home member survey (52.9%) were unable to guarantee service continuation due to financial factors.

- 5.9% Confirmed cessation of services.
- 11.9% were unsure if they would continue to deliver services.
- 35.8% were considering cessation of services.

Noting IHACPA's sustainability pricing principle where "*pricing should consider the sustainability of the in-home aged care sector now and into the future*", we encourage IHACPA to give due consideration to sustainable business condition for sole traders working with registered providers.[4]

Nearly half (45.5%) of respondents to OTA's 2026 Support and Home member survey indicated they delivered services as contractors to registered aged care providers to deliver occupational therapy to older people.

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[2] Occupational Therapy Australia Support at Home Member Survey 2026.
s[3] Occupational Therapy Australia Support at Home Member Survey 2026
[4] Occupational Therapy Australia Support at Home Member Survey 2026

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OTA member feedback data aligns with that of chartered accountants, Stewart Brown, data below, that reflects an overall trend to price beyond the estimated Government median figure of $200.00 per hour.[5] A market scan of 112 provider price lists undertaken by Stewart Brown reflected that:

Mode of service delivery can alter pricing: costs can rise depending on how a service is delivered.

- Shorter patient visits attract higher effective hourly cost than longer visits (as travel and overhead costs are relatively fixed irrespective of visit duration). As a result, the most common reported service delivery mode is via 15-minute intervals, resulting in a common price per hour exceeding the hourly rate.
- Regional differences create cost variation due to higher travel costs and provider travel time travelling between participants. Due to these factors, nearly three quarters (73%) of providers had flagged price changes (or given strong consideration to same) at the commencement of the new Aged Care Act on 1 November 2025.

3. Summary Price Comparison Table

Service Sub-category	Unit	StewartBrown SaH Pricing Survey							Government Indictive SaH Price		
		Survey Median Price $	Q1 Range (0-25th percentile) Median $	Q2 Range (25-50th percentile) Median $	Q3 Range (50-75th percentile) Median $	Q4 Range (75-100th percentile) Median $	Price range Min $	Price range Max $	Median $	Range Lower $	Range Upper $
Occupational Therapist	Hourly	220	194	220	230	255	161	390	200	174	220

Key Takeaways

- Median pricing has increased by $61 per hour between Q1 and Q4
- There is a $55 per hour disparity between the Government median indicative price ($200) and the Q4 75-100th percentile price ($255)
- The median pricing identified in the overall survey ($220 per hour) aligns to the Government's upper indicative pricing range ($220 per hour)

To ensure quality allied health service provision aligned to the strengthened Aged Care Quality Standards, pricing must allow older people to receive safe and affordable care.

Noting IHACPA's "Pricing Equity" pricing principle where "*prices should be fair and equitable, and account for cost-variations faced… in delivering care and services, including in thin markets"* we encourage IHACPA to give due consideration to rising overheads when fixing pricing.

[5] Stewart Brown Support at Home Pricing and Margin Analysis February 2026

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Support at Home Data Collection

OTA has consistently raised concerns about methods used for setting prices across government funded schemes, for OTs and other allied health professionals.

OTA welcomes recent proposed changes to data collection, implemented because of stakeholder feedback. In particular, we welcome development of the S@H Live Data Collection (SAHLDC), and the targeting of under-represented provider characteristics from past cost collections. We support the intention to explore options to improve engagement with smaller providers and providers from thin markets to increase the types of providers represented in cost collections.

We concur with IHACPA's position around indexation where underlying costs are accommodated to align them with the expected cost of care delivery, in the relevant pricing year. The failure to apply indexation in other schemes, such as the NDIS, has created significant hardship for OTs and other allied health professionals.

While OTA note the anticipated timeframe of 1 July 2028 to analyse a full year of true service costs (drawn from collection and ACFR data) we continue to hold reservations around exclusive reliance on data sourced solely from registered providers delivering home-based aged care services. This may not yield fully transparent, nuanced or fully accurate detail, to ensure pricing reflects true service delivery costs. Resulting models can undermine viability, and result in workforce failures and service gaps.

Despite improvements to the IHACPA approach to setting Support @ Home pricing, OTA is nonetheless concerned that poor data that is available, and the failure to incorporate all costs associated with service provision by OTs and other AHPs, could perpetuate the inadequate pricing for OTs, and the resultant loss of OT expertise and delivery of high-quality needs-based services for older Australians.

Aged Care Financial Reports

OTA remains concerned about the use of the Aged Care Financial Report and the Quarterly Financial Report (QFR) for collecting the cost and data activity for allied health. Presently, Quarterly Financial Reports typically aggregate expenditure data. As a result, they fail to capture components of occupational therapy practice that are useful for informing pricing, commissioning, and policy decisions, and risks underestimating the true utilisation, contribution and resource requirements of occupational therapy services.

Similarly, the last Australian Institute of Health and Welfare (AIHW) Aged Care Provider Workforce Survey (released August 2024) shows that between 2020 and 2023 the number of allied health professionals and assistants working in aged care homes decreased6 by 42 percent.[7] This strongly indicates an overall recorded decline, as individual AIHW Workforce Survey data tables reflect that allied health is significantly under provided.

[6] Australian Institute of Health and Welfare (2024) *2023 Aged Care Provider Workforce Survey: Summary Report*, Australian Government.
[7] Australian Institute of Health and Welfare (AIHW) Aged Care Provider Workforce Survey (released August 2024

Price Benchmarking

Fees for occupational therapy services across a range of funding schemes and sectors, including aged care, are inadequate to meet the cost of delivering services. OTA members report that current pricing is impacting on their ability to provide high quality services. As noted above, surveys of OTA members indicate that occupational therapists have left the aged care sector or are considering leaving due to the cost impacts on their services (see page 4). This creates a risk of losing professional expertise and quality Allied Health service provision from Aged Care.

Pricing in Other Funded Commonwealth Schemes

While other Government schemes and programs may, to some extent, provide a basis for determining cost, fees for OT services across government funded programs vary significantly and approaches taken to set fees are flawed. Previous IHACPA consultation suggests that NDIS and DVA could provide comparable funding models, but OTA draws attention to issues with pricing in both schemes. OTA note issues cause by lack of indexation, where pricing models have not adequately met practitioner compensation for items such as travel. Noting pricing models for both the NDIS and DVA don't fully incorporate worker feedback, OTA emphasise the need to ensure pricing accurately reflects the true cost of service provision, given clinicians cannot seek additional gap payments from consumers.

While numerous structural changes to the NDIS were announced by Minister Butler on 22 April 2026, there was no confirmation of independent pricing set by IHACPA, and that The Minister will determine pricing for the scheme. Accordingly, until there is a stronger sector understanding around the ramifications of differentiated pricing, the essential issue for Allied Health professions remains; there hasn't been a price increase for Allied Health professions in seven years, and Allied Health professionals essentially work against the NDIS as a benchmark.

OTA encourage IHACPA to consider rapid generational growth and the ongoing impact it will have on Australians, as they age. Where DVA and the NDIA have seen pricing levels change minimally or not at all in recent years, the Aged Care sector will see increasing service pressures in coming years that challenge the sustainability of small to medium providers in rural, regional and remote areas to provide service to older people. This accentuates the considerable need to build and maintain a sustainable Allied Health workforce to meet growing, diverse service demands created by an ageing population.

Recognition of Regional, Rural and Remote Service Delivery Challenges

We note the Modified Monash Model will continue to be used as a tool to analyse work heath force needs around Aged Care in rural, regional, and remote areas, after the Department of Health, Disability and Ageing published its review of the model on 17 March 2026. [8]

OTA notes IHACPA's stated intention to *"work closely with the Department of Health, Disability and Ageing to address gaps in data collections, through refinements to the Aged Care Financial Report (ACFR) to underpin future pricing advice*". Accordingly, OTA further encourages IHACPA to note the published findings of the Department of Health, Disability and Ageing's review of the Modified Monash Model, which identifies several mis-alignments pertaining to allied health workforce shortages in rural, regional and remote areas. The review noted flagged workforce recruitment/retention challenges for Allied Health practitioners around unmet need, reduced services, and delayed treatment for clients in remote areas (MM3-MM7). Insufficient compensation for travel/ non-billable hours for Allied Health workers was raised as concern in the report, particularly in regional, rural, and remote areas.

"Initial analysis suggests the current misaligned approach is… creating competition across aged care and disability for allied health…. This is because NDIS providers in these 'isolated towns' receive additional supports despite their rural MM categories, unlike in aged care, which stakeholders advise enables them to offer higher wages. This is on top of existing pricing differences for aged care, disability and veterans care which further add to sector complexity and can lead to confusion or service gaps." [9]

This supports our previous contention that OTs are working from a place of deficit: OTA maintains that the NDIS should not be the benchmark to work against when it comes to unit pricing, or funding for travel.

OTA maintains that these prices are unlikely to accurately reflect the full costs incurred by OTs who provide services as sub-contractors, or the lack of service and pricing flexibility created by market conditions For example, just under half (47.7%)[10] of surveyed member respondents reported instances where prices or hours had been dictated to them by registered providers. Based on member feedback, the evidence presented by Stewart Brown pertaining to price variations in regional areas (see page 5), and ongoing inflationary pressures on fuel costs, we retain strong reservations about the workability of a single price-cap on travel for Support at Home.

The aged care sector is complex and highly governed, and delivering services in the community, as expected under the S@H Program, brings a layer of complexity that impacts on clinician outputs. This model fails to acknowledge the range of activities that occupational therapists, particularly those working as sole traders or small businesses, must undertake to support their practice and achieve the goals of older people. Some activities influence the development of a unit price and must be considered, even if all aren't necessarily invoiceable.

[8] Review of the remoteness classification system for aged care final report | Australian Government Department of Health, Disability and Ageing
[9] Review of the remoteness classification system for aged care final report | Australian Government Department of Health, Disability and Ageing
[10] Occupational Therapy Australia Support at Home Member Survey 2026

Occupational Therapy Australia

These activities might include,

- scheduling/rescheduling of appointments and managing cancellations,
- rapport building and relationship development with both older people, their families/carers and the providers who support them,
- building an equipment bank to use when visiting and assessing older people,
- adhering to regulatory compliance; maintaining registration compliance (e.g. continuing professional development and training), and
- conducting risk assessments for community-based/home-based service delivery.

OTA maintains that IHACPA should acknowledge the comprehensive nature of assessment, prescription and implementation of equipment or home modifications, and that current indicative pricing /proposed capped unit pricing, that funds only face-to-face activities does not support clinical requirements.

Fixed Unit Prices

A fixed price may deliver to a single set of needs. But this approach does not address the evolving demographic and generational reality of Australia's ageing population and the diversity of their lives and health requirements. The diverse nature of the Aged Care sector, and the unique client needs represented by the Allied Health sector, will often not represent a single set of needs. For example, clients with dementia, trauma histories or no informal support are likely to need more complex clinical care. This approach fails to adequately accommodate variation in client complexity and geographic location, which will add to costs for many service providers. Inevitably, clients with complex needs in thin markets will be adversely affected when small-to-medium scale clinicians must absorb costs or reduce services.

Key cost- analysis areas directly related to Occupational Therapy include.

- Cost variations created by service delivery location. Occupational therapists routinely deliver services in a person's home: this creates additional travel and business operational costs (i.e. purchase of assistive technology equipment to trial with older people, or insurances relevant to provision of outreach services).
- Delivery of comprehensive, evidence based restorative care. Occupational Therapists are committed to care reflecting best practice: to ensure successful application and optimum treatment outcomes, care cannot be delivered over a limited timeframe.
- Cost of service delivery doing business, including compliance, insurance, continuing professional development, registration, supervision, and quality improvement. OTA encourages IHACPA to seek stronger understanding of these costs and incorporate them into pricing models.
- Supervision costs associated with managing staff and hosting student placements.

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OTA remains concerned by the IHACPA pricing approach which will see the cost per unit of service, such as per hour or per meal, calculated using providers' total in-scope costs and the volume of services delivered. In addition, the unit price fails to enable reporting and benchmarking of costs and time required for various aspects of OT, and other allied health service provisions, such as travel, report writing etc., which is captured in other Commonwealth funding.

Indexation

While we welcome IHACPA's recognition of the need to apply annual indexation we recommend that annual indexation includes consideration of the Consumer Price index and wage price index, costs of regulatory requirements and the costs of workforce enablement including CPD and supervision.

OTA urges IHACPA to consider how accurately flagged price caps reflect true service cost. Indexed pricing that accurately reflects our members' needs can help ameliorate deteriorating allied health workforce pipelines, particularly in rural, remote and regional locations, as flagged by the Department of Health, Disability and Ageing's own review of the Modified Monash Model, as flagged on page 7.

If pricing fails to reflect the full diversity of allied health services and the breadth of demands placed on allied health professionals, it will result in inadequate prices. This would undermine the delivery of evidence-based, safe, and high-quality allied health services, limiting providers' ability to meet the expectations of the strengthened Aged Care Quality Standards.

Conclusion

OTA welcomes the opportunity to provide input to IHACPA's consultation on the Pricing Framework for Australian S@H Aged Care Services 2027-28.

We look forward to working with IHACPA and the Department of Health, Disability and Ageing, to ensure that future pricing supports high quality and evidence-based services that meet the needs of older people, as envisaged by the Royal Commission, and the provision and sustainability of essential OT services.

If you would like to discuss our submission, please contact OTA on policy@otaus.com.au

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