



Aged Care Reforms – means tested co-payments

Context

The new Aged Care Act came into operation on 1 November 2025. It implemented a package of reforms, affecting residential, community and home care. These include increased means tested co-payments for services, and the application of co-payments to a greater range of services than before.

BSL position

An important objective for aged care policy should be ensuring equity and access to aged care services – particularly for older people experiencing disadvantage.

BSL is concerned that the increased co-payments may compromise this objective and have a negative impact on older people in Australia experiencing disadvantage in two ways:

- **Overly restrictive means testing.** The income and asset limits above which fees apply are too low, which means older people and those experiencing disadvantage will be required to pay for services they cannot afford. As a result, older people may choose (or need) to reduce essential services and be forced to make difficult trade-offs between aged care services and other demands.
- **Administrative burden.** The administrative and evidence burden around means testing and applying for hardship provisions is excessive. This will further contribute to older people – particularly those with few supports and resources – missing out on essential services.

BSL recommendations to the Australian Government

Government should commit to raising income thresholds for co-payments and adjusting means testing of income and assets, to protect older people facing disadvantage from being adversely impacted by the reforms, and to ensure equity and access to aged care services.

Government should simplify the process of assessment for hardship provisions (including by auto-population) to reduce the administrative burden for older people experiencing disadvantage.

Government should provide improved access to financial capability supports to help older people understand the financial impact of accessing care and where to seek support if required.

Government should actively monitor the impact of co-payments on uptake of funded care services. It should make data on the demand for services (aged care and health) publicly available.

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