AN FTI CONSULTING REPORT – PUBLISHED 9/12/2025

Unlocking Capacity: How Health and Aged Care Must Work Together as Australia's Population Ages

Part One - Understanding the current state of play in aged care

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Australia's health and aged care systems are currently under immense pressure. Demand for aged care is growing as more older Australians require support, yet supply, funding, and workforce capacity are struggling to keep pace. Hospitals continue to feel the strain, with delayed discharges impacting patient flow throughout the hospital, including emergency department congestion, and longer elective surgery waitlists. This is partly due to systemic pressures that result in older people remaining in hospital longer than necessary when they could be supported through the aged care system at home or in residential care.

This paper is part one of a three-part series focusing on this challenge. In Part 1, we explore aged care demand and supply, the scale of the challenge and the reasons contributing to the supply challenges within aged care. Part 2 explores the reasons behind delayed patient discharge from a hospital perspective and the role of hospitals. Part 3 explores potential solutions across health, aged care and beyond to address the complex issue of delayed discharge of older Australians.

Unpacking the problem

Aged care in Australia is a complex system of supports across home and residential settings. It is funded by the Australian Government, with contributions by recipients for some services.[1] The services funded under aged care are outlined in Table 1.

Table 1 — Overview of Aged Care Programs

PROGRAM	OVERVIEW
Commonwealth Home Support Programme ('CHSP')	Entry-level support to help older people live independently at home, covering basic services such as meals, transport, and domestic assistance.[2]
Support at Home (from November 2025)	Coordinated, tailored care at four levels of need, providing in-home nursing, personal care, and allied health support. The Support at Home program replaced HCP under the new *Aged Care Act*.[3]
Transition Care Programme ('TCP')	Short-term care (up to 12 weeks) after a hospital stay, aimed at improving recovery and independence before returning home or entering longer-term care.[4]
Residential Aged Care	Ongoing accommodation and 24-hour care for people with higher or complex needs, including clinical care, daily living support and social engagement.[5]

Residential aged care beds are not keeping up with demand

Occupancy across residential aged care services5 remains high. According to StewartBrown's December 2024 Aged Care Financial Performance Survey (covering around 45% of the sector), the national occupancy rate was 94%,[6] indicating that the sector is effectively operating at near-full capacity. While some beds may be technically vacant*, they are often not operational due to workforce shortages, refurbishment or being in areas with lower demand, such as rural and remote locations.[7]

The care needs of older Australians are also increasing in complexity over time, with more Australians requiring a higher level of support on entry to residential aged care. Australians are living longer but with increasing rates of chronic disease, mental health conditions and dementia, particularly among older patient cohorts. It is estimated that up to 94% of people aged over 85 are living with at least one chronic condition.[8] Aged care providers are experiencing this shift firsthand, as there is pressure to adapt their services and staffing to manage increased acuity from dementia and often multiple co-morbidities within their facilities. This requires a different mix of staffing, a better-trained workforce within residential aged care, and greater access to health professionals, including nurse practitioners, medical and allied health staff.

Between FY20 and FY25, operational residential aged care places grew nationally by just 3%.[9,10] Over the same period, the population aged 85 and over – the group most likely to require residential care – grew by more than 12%.[11,12] State-level performance varied considerably, as shown in Figure 1.

**StewartBrown data uses operational beds that are available for use by residents. DOHDA data uses approved places which includes offline beds unable to be used for a range of reason which may include insufficient staffing, refurbishment, new builds or approved places that have been allocated but not utililised.*

Figure 1 — Growth in Operational Residential Aged Care Beds Compared with Population Growth Aged 85+, by State and Territory (FY2020–FY2025)[9-12]

Aged care provision has declined and structural barriers may be a key cause

The national aged care provision ratio, which measures the number of residential places per 1,000 people aged 70 and over, has fallen from 76 in FY20 to 67 in FY25.[13] All states and territories have experienced a decline, with the Northern Territory recording the largest drop (18%), followed by Queensland and Tasmania (13%). While South Australia still has one of the highest provision rates at 70.2 places per 1,000, this is now marginally below Victoria, which sits at 70.5.

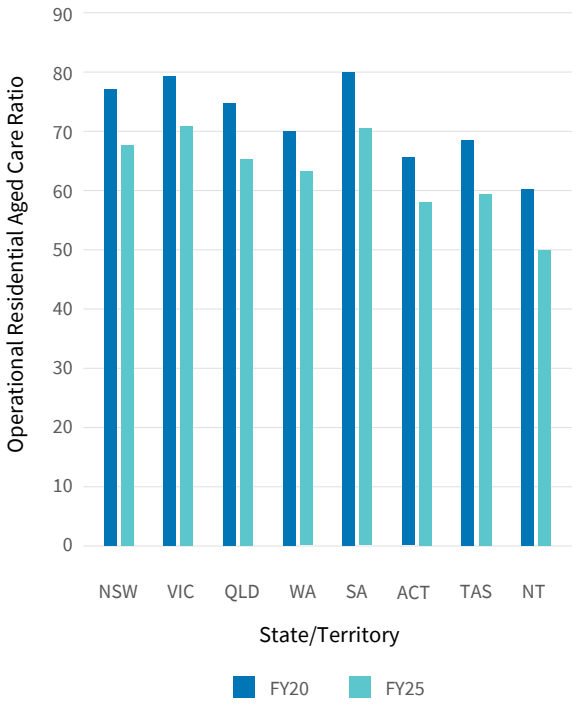
This decline is occurring in a policy context where there is a strong and appropriate emphasis on supporting older Australians to remain at home for longer. However, even with the expansion of home care there remains a critical need for a robust residential aged care sector to support older Australians with complex needs, including those living with dementia.

Structural, financial, and regulatory challenges are limiting the expansion of supply:

- Development approvals can take up to 150 days, with design and planning adding another 6 to 12 months
- Build times range from 18 to 30 months for small facilities and 42 to 72 months for very large sites
- Limited land availability in key locations
- Rising construction costs, reduced returns, and tighter capital markets
- Regulatory uncertainty around registration processes
- Workforce shortages that limit the number of operational beds, even once facilities are built.

With the new *Aged Care Act* implemented on 1 November 2025, there are likely to be further disincentives to address supply issues in areas with a high number of concessional residents, which will further exacerbate the supply issue in lower socio-economic areas. These factors make it harder for aged care providers to invest in and deliver new residential capacity, contributing to the ongoing decline in provision rates.[13]

Figure 2 — Change in Operational Residential Aged Care Ratio by State and Territory (FY2020 - FY2025)[13]



[1]Places per 1,000 people aged 70 years and over

Wait times for care indicate growing unmet demand

While limited residential aged care places are part of the challenge, resulting in more older Australians in the health system, there are also challenges with navigating aged care, the assessment process and home care.

The median wait time for entry into residential aged care is 41 days from approval. While relatively short, the wait for HCPs is significantly longer.

— For those approved for home care only, the median wait is 249 days.[14]

— For those approved for both home and residential care, the median wait is 267 days.[14]

Around 88% of people receive interim services during these waiting periods, often through the CHSP or a lower-level HCP.[14] While this provides some support, it does not fully meet the needs of those who require complex or consistent care.

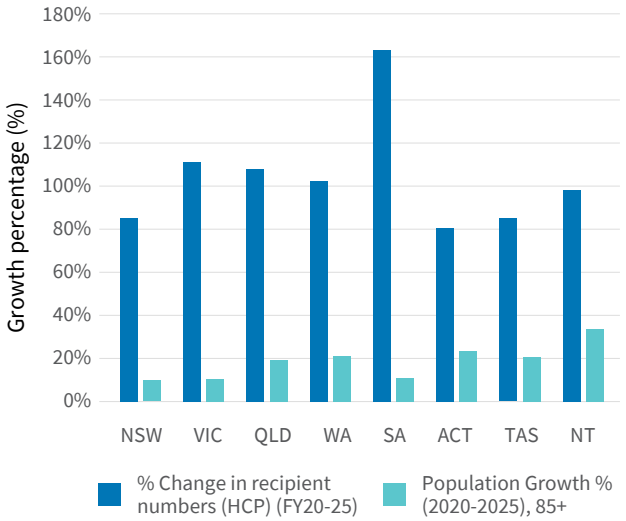
The result is often poorer health outcomes and longer hospital stays. A potential lack of care at an appropriate level can result in hospital admissions, while barriers to discharge arise when there are no or limited appropriate supports for an older person.

Navigating the aged care system can be challenging for older people, their families, and health professionals alike. These challenges are exacerbated when a person is receiving inpatient care, where there is pressure to discharge the patient to a safe environment in a timely manner. There are some supports available, such as the Care Finder program administered by primary health networks, and Aged Care Specialist Officers ('ASCO') available through Services Australia. However, awareness of these programs, which are largely focused on supporting older people and their families, is limited, and they don't assist health professionals within hospitals to understand and navigate the complexities of aged care. Simplification of the system, as well as assisted navigation, is ultimately needed to support better outcomes.

Home care packages are expanding - but gaps remain

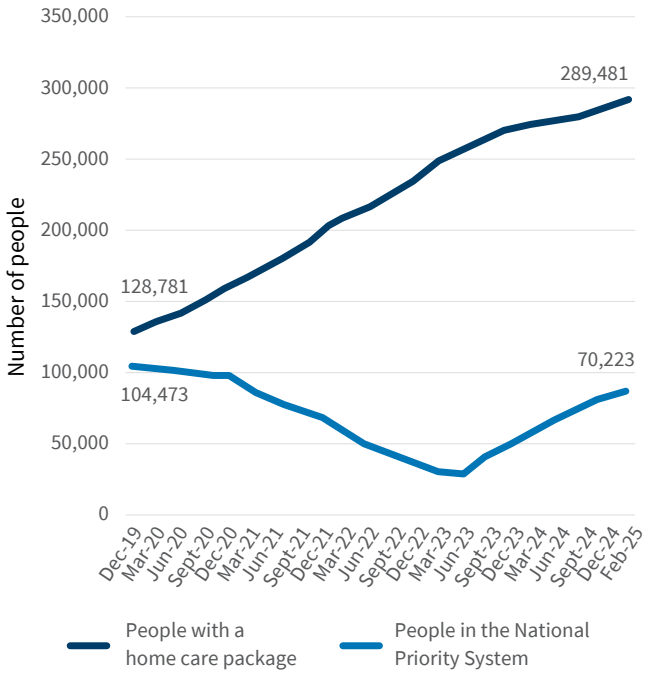
The number of people receiving a HCP has grown from around 145,000 in FY20 to more than 266,000 in FY24, an 83% increase nationally.[15,16] Some states have more than doubled their HCP coverage. Despite the number of people with a home care package increasing, the sector continues to face issues with availability, timeliness, and matching package levels to the needs of older Australians. Wait times remain high, and many people receive care that does not align with their assessed needs due to package shortages.[14]

Figure 3 — Growth in Home Care Package Recipients Compared with Growth in Population Aged 85+, by State and Territory (2020 - 2025)[11,12,15,16]



As at September 2025, there were 121,909 people waiting for a Support at Home Package.[17] This number has continued to rise since June 2023, when the government reduced the release of packages from between 40,000 – 50,000 new packages per month, to approximately 30,000. This was exacerbated by the delay in the release of funding for 88,000 packages tagged for implementation with the new *Aged Care Act* and Support at Home on 1 November. Following pressure from the Senate, crossbench and opposition, the government has released 20,000 packages by the end of October, with a further 63,000 new packages to be allocated before the end of 2025.[18]

Figure 4 — Home Care Packages: Number of Recipients and People Waiting (2019 – 2025, Quarterly)[17]



Despite these measures, it is likely that demand for packages will continue to increase, putting pressure on the budget and requiring sustained investment to meet growing needs. Workforce constraints in both clinical and personal care roles will also limit service delivery in many regions, creating bottlenecks even where funding is available. The impact of co-contributions tied to particular service types within Support at Home is also unknown. Without coordinated action on both funding adequacy and workforce development, the gap between assessed need and service delivery will likely continue to widen as Australia's population ages.[19]

The CHSP is carrying the load - but was never meant to

The CHSP supports over 834,981 in 2023-24 Australians aged 65 and over with low-level services such as transport, meals, social support, and domestic assistance.

There are significant variations in access across states. Queensland ('QLD') and Tasmania have the highest per capita access, while NSW, WA, ACT and NT are below national average.

While the CHSP is vital, it was designed as an entry-level program rather than a long-term solution for people waiting for higher-level care. This increasing reliance on the CHSP raises sustainability concerns and is likely to increase with the recent implementation of Support at Home.[17]

Table 2 — CHSP Clients per 1,000 Residents Aged 65+ by State (2023–2024)[20]

STATE OR TERRITORY	CLIENTS	POPULATION (AGED 65 AND OVER)	RATE (CLIENTS PER 1,000 POPULATION)
NSW	236,844	1,512,315	153.9
Vic	224,869	1,177,530	188.2
Qld	190,202	932,302	199.6
WA	65,685	455,405	142.6
SA	72,615	368,929	193.9
Tas	10,382	64,863	156.7
ACT	25,215	121,957	203.9
NT	4,671	22,992	166.6
Australia	834,981	4,656,293	176.1

The peak in demand is still ahead

The average age at which people enter residential aged care is currently around 85. Most of the Baby Boomer generation - born between 1946 and 1964 - has not yet reached this threshold. As this cohort requires more intensive support over the next 10 to 20 years, system pressures are expected to increase substantially.[12]

This is particularly concerning given projections for dementia, a key driver of residential care need. In almost every state, the number of people living with dementia is expected to nearly double by 2054. In WA, for instance, dementia prevalence is projected to grow from 42,000 in 2024 to 87,000 in 2054 - an increase of 107%.[21]

"While current pressures are significant, the largest wave of demand is still to come."

Figure 5 — Population Growth of Australians Aged 85+ by State and Territory (2025, 2032 and 2042)[19]

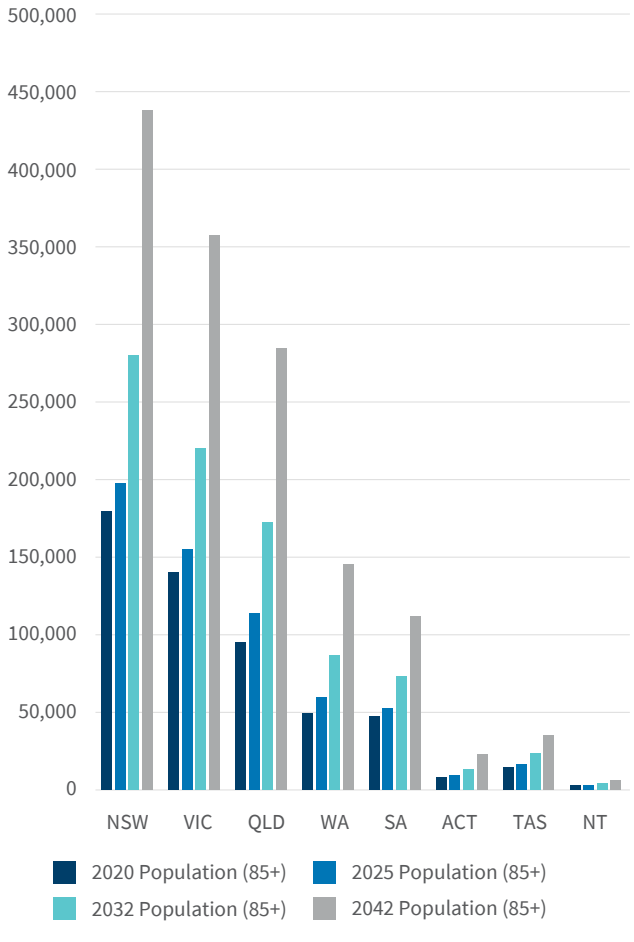


Figure 6 — Projected Dementia Prevalence by State and Territory (2025–2054)[21]

This looming demand further highlights the urgency of forward planning and capacity-building across both residential and home care sectors.

What is the impact on the hospital system?

While aged care is primarily a Commonwealth responsibility, the consequences of limited access are being felt acutely in state and territory health systems. Older Australians make up a disproportionately high share of emergency department presentations and hospital admissions:

- **Emergency departments ('ED'):** In 2023-24, there were 9 million presentations to public hospital EDs, equivalent to 333 per 1,000 people nationally. Presentation rates increased sharply with age, peaking among those aged 85 and over at 921 per 1,000 men, and 778 per 1,000 women, more than double the national average.[22]
- **Hospital admissions:** In 2023-24, Australians aged 65 and over accounted for 44% of all hospitalisations and 52% of total patient days, reflecting higher admission rates and longer lengths of stay. People aged 85 and over (who make up 2.1% of the population) accounted for 6.8% of hospitalisations and 13% of patient days. Hospitalisation rates increase with age, with those aged 5–14 hospitalised at a rate of 99 per 1,000 population, while those aged 85 years and over are hospitalised at a rate of 1,521 per 1,000 population.[23]

These figures show that older Australians are not only using hospital services at higher rates but also occupying hospital beds for longer periods. Older Australians are almost three times more likely to be a long stay patient than those aged under 65 years,[24] and this gap is increasing. Delays in accessing aged care services are increasingly contributing to longer hospital stays for older Australians and preventing the effective utilisation of beds for all Australians. Recent data highlights the scale of the challenge on the ground in hospitals around the country:[25]

- **New South Wales:** More than 1,600 aged care and NDIS patients were in public hospitals during July, accounting for 58,154 bed days. As of 30 July 2025, 829 patients had exceeded their estimated discharge date while awaiting aged care placement.[25]
- **SA:** In July 2025, 280 patients were occupying hospital beds while waiting for aged care placement.[25]
- **Queensland:** Health officials reported that in August 2025 there were 837 long-stay older patients who are clinically fit for discharge but unable to leave due to lack of access to aged care, or home supports. This had increased from 272 long stay older patients in August 2021.[25]
- **WA:** Around 250 older patients were occupying hospital beds while waiting for aged care placement in July 2025.[25]

Ambulance ramping has also reached record levels in some states, reflecting broader system strain. In July 2025, ramping reached 5,387 hours in SA[26] and a record 7,009 hours in WA.

Longer stay patients that can't access aged care or appropriate community based care have also become a major driver of inefficiency across the system. These patients generate substantially lower National Weighted Activity Units (NWAUs) per bed day, yet require higher labour input, especially nursing. Recent data showed that long-stay and subacute patients require around 72% of their cost in labour, compared to 68% for acute patients.[27]

This results in:

- Rising system costs, as the same number of beds produce fewer separations and lower NWAU output.
- Higher average cost per NWAU, placing upward pressure on the National Efficient Price (NEP).
- Displacement of other acute patients, pushing activity into more expensive outsourced private hospital care.

The National Health Reform Agreement (NHRA) Mid-Term Review Final Report highlighted stakeholder concerns regarding:

…insufficient collaboration between sectors and tension around roles and responsibilities, has led to fragmented patient care pathways, suboptimal patient experiences and outcomes, and bottlenecks in hospital flows. A particular area of concern was the number of disability and aged care patients who remain in public hospitals after their clinical episode is complete, contributing to hospital access block.[28]

The report also noted the need for improvements in managing the transition of patients who are ready for discharge into aged care. There is a clear need to increase capacity in aged care, supported better referral networks, patient transfer and transition support, and stepped down care options. This aligns with Recommendation 66 from the Aged Care Royal Commission 2021 which focuses on "improving the transition between residential aged care and hospital care".[29] The Royal Commission also identified that patients returning to an aged care facility were less likely to access subacute rehabilitation, increasing the acuity of residents within residential aged care.

Understanding the challenges

Understanding the root cause of this challenge is essential in designing potential solutions. However, it isn't simple to identify the root cause as there are multiple reasons, which are often compounding that are contributing to the issue.

It is easy for blame to be shifted from the hospital system to aged care, and from the aged care system to the hospital system. When access to aged care is delayed, the result is avoidable and/or longer hospital stays than are required for medical reasons.

This may be due to:

— Waitlists for assessment.

— Access to home care, including care at the appropriate level.

— Access to residential aged care, including care that can meet the needs of the older person.

— Confusion in navigating entry points.

This limits access to the hospital system for other patients, ultimately leading to hospital admission delays, ramping of ambulances and delays or cancellations of elective surgery.

There remains a lack of understanding of how each system works, the capabilities within both systems, and how and when a patient should be transitioned between hospital and aged care.

Integration between hospitals and aged care has been a long-standing issue, with poor communication and information gaps being a significant issue relating to discharge. This includes (but is not limited to):

— Patients are assumed to be ready for discharge when they aren't medically stable and/or require assessment to access appropriate aged care supports.

— Discharge planning is absent or begins too late in the hospital stay.

— Discharge planning that potentially is premature and assumes residential care is the only option for an older person.

This results in patients often being discharged to either home or residential aged care without the aged care provider being able to provide sufficient support for individuals, or being discharged to residential aged care when they may have been able to be supported at home with/without short term post acute care. Points of transition from hospital to aged care are also when there is the most significant risk of harm for older people. Despite this, discharges continue to occur late in the week, often without up-to-date information to support the transition.

These challenges cannot be solved by the health or aged care sectors in isolation. Sustainable improvement requires shared accountability and collaboration to build integrated care models that enable daily coordination and better outcomes for older Australians.

Conclusion: a multi-factor challenge with no single fix

The aged care system faces compounding pressures: slow growth in residential places, long waits for home care, over-reliance on the CHSP, and an impending demand surge. Most states and territories face significant pressures within their hospitals, reflecting workforce gaps, demographic and geographic factors, and challenges in aged care.

As Baby Boomers reach their mid-80s, the hospital and aged care sectors must prepare for higher complex care demands. Addressing the residential bed shortfall, expanding timely home care, and improving the hospital–aged care transition will be essential, while strengthening processes within the hospital system. This requires action from the Government, hospital and aged care sectors, both independently and collectively, to address the growing challenges. Without collective action, the next decade will see escalating strain in both systems and poorer outcomes for all users of Australia's health and aged care systems.

Whilst there has been recognition of the challenges with older Australians in hospital, the approach has often been a response without understanding the root cause of the challenge. It has also been addressed in isolation, with each state and territory approaching the issue independently, and the aged care system focused on reform, but not necessarily on the impact of reform within the health system.

What is required is urgent, coordinated intervention: a clear national policy framework with defined milestones, backed by federal investment and supported by states and territories. Without such an approach, there is a risk of continued policy debate without action, while pressures on both the aged care and health systems intensify.

This is part 1 in the series, focusing on the challenges from an aged care perspective. Part 2 will explore the challenges from a health system and hospital perspective. Part 3 will outline potential solutions across health, aged care and beyond to address the issue in the short, medium and long term.

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