

Aged Care

When a person is no longer able to continue living independently in their own home they may need to move into a residential aged care facility or require assistance to remain living in their own home.

These facilities and services are heavily regulated by government to ensure that care is accessible to all Australians. The government will subsidise the cost of care and the person will also pay a fee or fees based on their assessable income and assets.

What is the first step?

Before being eligible to move into a government subsidised aged care facility a person needs to have approval from an ACAT. Note in Victoria these are called Aged Care Assessment Service (ACAS).

These are teams of health professionals, such as doctors, nurses or social workers, who will assess a person's needs and provide information, advice and assistance to older people who are having difficulty living at home.

An ACAT or ACAS can:

- Approve eligibility for entry into residential aged care, in either low care or high care
- Give you information about residential aged care and home care services in your area
- Help you arrange special respite care if this is what you require
- Approve eligibility for a package of community care to help you continue living at home or refer you to other services that will help you to continue living at home

What fees are payable?

Home Care Packages

People receiving a home care package can be asked to pay:

- *A basic fee* – which all people receiving a home care package can be asked to pay. This fee equates to 17.5% of the single basic age pension
- *An income tested care fee* – an extra contribution toward the cost of care that people may need to pay, on top of basic fee – depending on assessable income. The Department of Human Services (Centrelink) will assess whether consumers need to pay this fee and how much.

Residential Care

People moving into an aged care home can be asked to pay:

- *A basic fee* – paid by all people who receive residential care. For some people, this is the only fee they may need to pay. This fee equates to 85% of the single basic age pension
- *A means tested care fee* - an extra contribution towards the cost of care that residents may need to pay, on top of the basic fee, depending on income and assets. Annual and lifetime caps have been set to limit how much a person will need to pay in means tested care fees.
 - *The annual cap is \$28,087.41.* Once a resident reaches the annual cap, they will no longer have to pay any means tested care fee until the next anniversary of the date they first entered the aged care home.
 - *The lifetime cap is \$67,409.85.* Once a resident reaches the lifetime cap they will no longer have to pay any means tested care fees. The Government will pay for your care costs. If a resident was paying an income tested care fee for a Home Care Package before they moved into an

Aged Care

aged care home, the amount they have paid in income tested care fees will count towards their lifetime cap.

- The caps only apply to means tested care fees in residential care and any income tested care fees in home care paid.
- *An accommodation payment* - a payment for accommodation in an aged care home. Some people will have their accommodation costs paid in full or in part by the Australian Government. Others will need to pay the accommodation price they negotiate with their aged care home.
 - *Refundable Accommodation Deposit (RAD)* – a lump sum payment for accommodation in an aged care home. This is the price of a room, in lump sum form, that residents have agreed with their aged care home to pay. Residents can pay their accommodation price in full by RAD or they can pay via combination of a smaller RAD and Daily Accommodation Payment (DAP) or they can pay in full by DAP.
 - *Daily Accommodation Payment (DAP)* – the daily payment for accommodation in an aged care home. The aged care facility will work out the DAP based on a legislated formula that converts the RAD price to a DAP price. The resident makes this payment on a regular basis, up to a month in advance, similar to paying rent.
 - *Daily Accommodation Contribution (DAC)* – the daily contribution for accommodation in an aged care home that residents would need to pay, if they also receive Australian Government assistance with their accommodation costs. Residents make this contribution on a regular basis, up to a month in advance, similar to contributing to rent.
- *Fees for extra or additional optional services* – an extra payment residents can be asked to pay if a higher standard of accommodation is chosen or additional services such as hairdressing, or pay TV in rooms is elected.

How are the fees calculated?

Everyone entering an aged care home for the first time from 1 July 2014 will need to complete and lodge an income and assets assessment form which will be used to determine their costs. You must lodge this form even if you currently receive a means-tested income support payment from Centrelink or the Department of Veterans' Affairs.

The Australian Government will conduct your income and assets assessment. They will advise you and the aged care home of the fees that your service provider can ask you to pay.

If you do not complete and lodge the income and assets assessment form, you can be asked by your service provider to pay the maximum daily means-tested fee and/or an accommodation payment. Also, you would not be eligible for any Australian Government assistance towards your aged care home costs.

Income, for the purposes of aged care, is not the same as taxable income. Your assessed income can include:

- income support payments from the Australian Government such as the Age Pension, a Service Pension or an Income Support Supplement
- deemed (not actual) income from financial investments
- net income from rental property
- War Widow or Widower Pensions and some disability pensions
- net income from businesses, including farms
- superannuation and overseas pensions, and income from income stream products such as annuities and allocated pensions
- family trust distributions or dividends from private company shares

Aged Care

- deemed income from excess gifting.

All of your assets are considered but special rules apply in some situations.

Financial assets include:

- bank, building society and credit union accounts
- cash
- term deposits
- cheque accounts
- friendly society bonds
- managed investments
- listed shares and securities
- loans and debentures
- shares in unlisted public companies
- gold and other bullion.

Other assets include:

- household contents and personal effects (these are typically valued at \$10,000)
- foreign assets including investments, business interests and real estate
- investment property
- special collections such as stamps, art works or antiques
- superannuation balances
- private trusts, family trusts and private companies
- net retirement village entry contributions
- refundable accommodation deposits.

How is your home treated?

A capped value of your former home may be counted in your assets assessment, but there are some exceptions to this. It won't be counted as an asset if:

- your partner or dependent child is living there, or
- a carer eligible for an Australian Government income support payment has been living there for at least two years, or
- a close relative who is eligible for an Australian Government income support payment has been living there for at least five years.

The full value of your home will not be included in the assessment of your assets. Instead a capped amount of \$171,535.20 will be included or the net market value of your house, if lower.

There is special treatment of rental income if you are paying a Daily Accommodation Payment and entered an aged care residential facility prior to the 1st of January 2016. In this situation, rental income from your former home will be exempt in full, from the pension income test and for aged care fees while you are paying the Daily Accommodation Payment.