



Australian Government

Department of Health

New Arrangements for Aged Care from 1 July 2014 – Residential Care

Why have I been given this information sheet?

This publication is meant for residents who were in residential aged care on 30 June 2014 and intend to move to a new aged care home.

If you are outside of care (other than on approved leave) for more than 28 days after leaving your former aged care home, you are automatically subject to the fee and payment arrangements that came into place on 1 July 2014 when you later re-enter care.

If you are outside of care (other than on approved leave) for 28 days or less then when you move to a new facility your fee and payment arrangements will continue to be calculated under the arrangements in place on 30 June 2014. However, in this case, you also have the option of choosing to have your fees and payments calculated under the new arrangements that apply from 1 July 2014. If you do choose to be covered by the new arrangements, you cannot, in future, decide to be again covered by your existing fees and payment arrangements.

What are the fees and payment arrangements that commenced on 1 July 2014?

From 1 July 2014 residents can be asked to pay the following types of fees and payments:

- **A basic daily fee:** This covers living costs such as meals, power and laundry. For some people this is the only fee they are required to pay. As is currently the case, everyone can be asked to pay the basic daily fee.
- **A means-tested care fee:** This is an additional contribution towards the cost of care that some people may be required to pay. The Department of Human Services (Centrelink) will work out if you are required to pay this fee based on an assessment of both your income and assets, and will advise you of the amount.
- **An accommodation payment:** This is for your accommodation in the home. Some people will have their accommodation costs met in full or part by the Australian Government, while others will need to pay the accommodation price agreed with the aged care home. Centrelink will advise you which applies to you based on an assessment of your income and assets.
- **Fees for extra or additional optional services:** Additional fees may apply if you choose a higher standard of accommodation or additional services. These vary from

home to home. Your aged care home can provide you with details of these services and the fees that apply.

Key aspects of the new arrangements

As is currently the case, everyone can be asked to pay the basic daily fee.

Under the new arrangements the amount a person can be asked to contribute towards their care costs (their means-tested care fee) is determined on both their income and assets. Under the pre-1 July 2014 arrangements this fee is only based on income.

Under the new arrangements there is an annual cap of \$25,000 (as at 1 July 2014) on the amount a person can be asked to pay in means-tested care fees and a lifetime cap of \$60,000 (as at 1 July 2014) covering both means-tested care fees in residential care and income-tested care fees in home care. The amount of each of these caps is indexed on 20 March and 20 September every year.

Under the new arrangements a person's eligibility for assistance with their accommodation costs is determined based on both their income and assets. Under the pre-1 July 2014 arrangements this is determined only based on assets. If you are not eligible for assistance with your accommodation costs you will pay an accommodation price agreed with the provider who is required to publish their prices on the My Aged Care website. You will have the choice to pay your accommodation as a lump sum, regular rental style payment or a combination of both.

Unlike current arrangements where someone in high care has their contribution towards their accommodation capped, a person's contribution towards their accommodation costs will only be capped where they are eligible for government assistance with their accommodation costs.

If I am eligible to opt in to the new arrangements and choose to do so how will my fees be worked out?

Opting in to the new arrangements may result in a change to the fees you pay. The new means testing arrangements consider both a person's income and assets in determining an individual's capacity to contribute to the cost of their care and accommodation.

You may wish to obtain financial advice when considering whether to remain under your current arrangements or to 'opt in' to the new arrangements commencing 1 July 2014.

Where can I go for more information?

If you want to know more about the new fees and payment arrangements you can find more information on the [My Aged Care website](#) or the [Department of Health website](#).

A [Residential Care Fee Estimator](#) is also available on the My Aged Care Website. The fee estimator will provide an indication of the fees and payments you may be asked to pay based on information you enter at the time. This will be an estimate only – your actual fees and payments will depend on the assessment of your income and assets by the Department of Human Services (Centrelink).

If you are eligible to opt in to the new arrangements but choose not to do so then your fees and payments will continue under current arrangements.

What to do next?

I am entering a new aged care home more than 28 days since leaving (other than on approved leave) my previous aged care home

Your fees will automatically be calculated under the new arrangements described above.

I am entering a new aged care home within 28 days of leaving (other than on approved leave) my previous aged care home and wish to remain subject to the pre-1 July 2014 arrangements

Your fees and payments will continue to be determined under the arrangements that applied to you before 1 July 2014. You do not need to do anything to make this happen.

I am entering a new aged care home within 28 days of leaving (other than on approved leave) my previous aged care home and wish to opt in to the new post-1 July 2014 fees and payment arrangements

If you want to opt into the new fees and payment arrangements you will need to complete an 'opt-in' form and give it to your new provider before you move into the new aged care home. Your new provider can give you a copy of this form or it is available on the [Department of Human Services website](#).

If you 'opt-in' you will need to have your income and assets assessed by the Department of Human Services to determine your eligibility for government assistance with your accommodation costs and care fees. Without an assessment you can be asked to pay the full cost of your care and would receive no assistance with your accommodation costs and be required to pay the accommodation price agreed with your provider before entering care.

Financial advice may be of assistance when considering whether to opt in to the new arrangements.

Further information

For further information on the current annual and lifetime caps, visit the [Schedule of Fees and Charges for Residential and Home Care](#) available on the Department of Health website.

For further information about aged care services and the reforms, visit www.myagedcare.gov.au or call **1800 200 422**.