



The Accommodation Charge for Residential Aged Care

Accommodation payments

There are two types of accommodation payments that may be payable to aged care homes:

- Residents requiring high care other than on an extra service basis may be asked to pay an accommodation charge;
- Residents requiring low care or entering an extra service place (at high or low care) may be asked to pay an accommodation bond. (Refer to Information Sheet 16 – Accommodation Bonds for Residential Aged Care for more detail)

Whether a resident requires high care is determined at the time of entry to a permanent place by the evidence available at that time. Relevant evidence may include the assessment by an Aged Care Assessment Team, assessment by the aged care home if the person has been receiving respite care, and other evidence such as doctors' or hospital records.

Respite residents cannot be asked to pay an accommodation payment.

What is an Accommodation Charge?

An accommodation charge (the charge) is a daily amount a resident may be asked to pay when they enter high care. The accommodation charge is fixed from the date of entry into care until they are discharged from care for a period greater than 28 days. A resident cannot be asked to pay the charge more than a month in advance. By law, it must be used by the home to improve building standards, and the quality and range of aged care services provided.

A charge can only be levied by an aged care home that is certified as meeting minimum building and care standards. Information on a home's certification

status can be found on the department's website at www.health.gov.au or by calling the Aged Care Information Line on **1800 500 853***.

Residents who enter care with assets in excess of \$39,000 may be asked to pay an accommodation charge.

How much will a resident pay?

The Department of Health and Ageing or the aged care home will advise the maximum amount of accommodation charge that a resident may be asked to pay, based on the value of their assets.

If a resident chooses not to have an assets assessment, or their assets are above \$102,544.00, the amount of accommodation charge they may be asked to pay will be the maximum applicable rate. This is currently \$30.55 per day for all residents.

The agreed accommodation charge must be included in the charge agreement or as part of a resident agreement. The agreement must also set out the resident's rights and responsibilities.

How is the accommodation charge calculated?

For residents who enter care for the first time between 20 March 2011 and 19 September 2011 and have assets over \$39,000, the maximum daily accommodation charge can be calculated using the following steps:

1. Calculate the value of your assets
2. Subtract \$39,000 from the answer of Step 1
3. Divide the result by 2,080 to give a daily accommodation amount (or a maximum of \$30.55)
4. If the calculated charge is under \$1.00, no charge is applicable (The home will receive a full rate of Government subsidy on the resident's behalf.)



Can a resident defer payment of their Accommodation Charge?

Yes. A resident can agree with the aged care provider to defer payment or pay it from their estate. The aged care provider is entitled to charge interest on the unpaid amount at no more than double the lowest pension deeming rate applicable at the time of entering the home (currently 6%).

Determining a resident's assets

The maximum amount of a resident's accommodation bond or charge depends on the amount of their assessable assets.

Centrelink or the Department of Veterans' Affairs (DVA) undertake assets testing for entry into permanent residential aged care on behalf of the Department of Health and Ageing. Centrelink undertakes all assessments except those for people who receive a means tested pension from DVA. Assets assessments can be undertaken before a person enters residential aged care.

An assets assessment is not compulsory unless a person wants to find out if they are eligible for government assistance with their accommodation costs for permanent residential aged care.

To apply for an assets assessment a person or their authorised representative must complete a "Permanent Residential Aged Care – Request for an Assets Assessment" form. This form is available from the Aged Care Assessment Team who determines eligibility for residential aged care or by contacting the Aged Care Information Line on **1800 500 853***.

Will a resident's home be "protected"?

The value of a resident's former home will not be counted as an asset if, at the time of the assets assessment or the date of entry into care (whichever is earlier):

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

Aged care residents who pay an accommodation charge are able to rent out their former home without the value of the home or the rental income affecting their aged care fees and, if applicable, their pension.

The former home is exempted from the pension assets test for two years for all people entering residential care (and longer if the person's partner remains living in the home).

Gifting

Assets gifted away from 10 May 2006 over \$10,000 in a single financial year or \$30,000 in a five financial year period will be included in a resident's assets assessment.

As a result, a resident may not be eligible for government assistance with their accommodation costs.

If in any doubt, call Centrelink on **1800 227 475*** or DVA on **13 32 54***.

What if a resident moves to another aged care home?

If a resident moves from one aged care home where an accommodation charge was payable to another aged care home where an accommodation charge is also payable, the level of their charge in the new home will be capped at the maximum accommodation charge they were eligible to pay in the previous aged care home.

A resident cannot be asked to pay a higher charge in the new home unless there is a gap of more than 28 days between leaving the earlier home and entering the new home.

What if a resident moves from a low care home to a high care home?

If a resident paid a bond on entry to low care and subsequently move, within 28 days, to another aged care home to receive high care they may, with the agreement of the new aged care home, either:

- have the balance of the bond fully refunded (less retention and other applicable amounts) from the previous aged care home and (if liable) pay an accommodation charge in the new aged care home (in this case a resident will need to apply for an aged care assets assessment in order for the Department of



Health and Ageing to work out the maximum charge they are eligible to pay); or

- transfer the balance of the bond to the new aged care home. In this case only the balance (if any) of the five year retention period will carry over to the new aged care home.

What are the safeguards for residents?

A resident can only be asked to pay the charge if they can afford to do so.

A resident cannot be asked to pay the charge unless they have entered an agreement with the aged care home. This agreement sets out a resident's rights and responsibilities. A resident has up to 21 days after entering an aged care home to enter into the charge agreement.

Where a resident is unable to enter an agreement due to mental impairment, the agreement must be entered into within 21 days of a guardian being appointed.

If a resident's circumstances change after they enter the aged care home, they cannot be asked to pay more than originally agreed to when they entered the home.

What if a resident is not eligible to pay a charge?

If a resident is assessed as not being eligible to pay a charge they will still get the care they need. Aged care homes receive a full rate of Government assistance for residents in a certified residential aged care facility whose assets are assessed as less than 2.25 times the maximum annual single basic age pension (currently \$39,000).

Financial Hardship Assistance

Financial hardship provisions are there for residents who would face genuine financial hardship if they were required to pay an accommodation payment. To receive an application for financial hardship assistance call the Aged Care Information Line on **1800 500 853***.

Financial Information

Financial decisions, for instance about how an accommodation charge is paid, can have different effects on pensions, aged care fees and tax. Residents are advised to seek expert financial information to help make the decisions that are best for their circumstances.

A free Financial Information Service is available to all people through Centrelink. To make an appointment call Centrelink on **13 23 00***.

Note:

Reference to a partner and/or couple includes both opposite and same sex couples.

*Cost of phone calls

Calls to 1800 numbers are generally free to the caller when made from a land line.

Calls to 13 or 1300 numbers are charged at a low fixed amount to the caller when made from a land line.

All calls made from mobile phones are charged at the rates applicable to each phone provider.

All calls made from public phones are charged at the rates applicable to each phone provider.



All information in this publication is correct as of March 2011

Disclaimer: This document is only a guide to the Government's law and policies, and cannot take account of individual circumstances. The Australian Government Department of Health and Ageing recommends that you seek appropriate professional advice relevant to your particular situation.

Aged Care Information Line 1800 500 853* – www.agedcareaustralia.gov.au