



Residential Aged Care Accommodation

Southern Cross Care (Tas.) Inc.

Financial Arrangements Summary

As from 1 July 2022

(Applying to residents admitted after 1st July 2014)

Means-Testing

The fees and charges payable by residents admitted to residential aged care accommodation after 1 July 2014 are largely determined by an assessment of the resident's income and assets carried out by the government. This means-testing process determines a resident's Means-Tested Amount. To work out your Means-Tested Amount go to [page 9](#)  for the formula to work out your Means-Tested Amount or alternately you can go

to The **My Aged Care** website at www.myagedcare.gov.au/fee-estimator  select the Aged Care Homes tab and use their quick calculator to give an estimation of the fees you may have to pay if you move into an aged care facility.

The Means-Tested Amount is then used to determine what contributions a resident is expected to make towards the cost of their accommodation and the cost of their care. The exact amount you will have to pay is determined by the government through an income and assets assessment.

To ask for an assessment, you will need to complete one or none of the following forms:

[The Residential Aged Care Calculation of your Cost of Care form \(SA457\)](#) 

You only use this form if you want help with care in an aged care facility, and you:

- don't get a means tested income support payment from the department, and
- own your own home (including a retirement village).

If you are not paid a pension that is means-tested, you will need to complete the whole form. Examples of pensions that are not means-tested include:

- Blind Pension
- War Widow(er)'s Pension
- Veterans' Disability or Allowance.

[The Residential Aged Care Property details for Centrelink and DVA customers \(SA485\)](#) 

You only use this form if you are paid a pension that is means-tested, and own or part own your home (including a retirement village). The DHS or DVA will already hold some of your income and asset details.

[No form](#)

If you receive a means tested income support payment from the department, and do not own or part own your home, the department can automatically complete an assessment for you when you enter residential aged care and you do not need to complete any form.

[Means not disclosed](#)

If you don't complete an income and assets assessment, you will not be eligible for Australian Government assistance towards your accommodation costs. You can also be asked to pay the full cost of your care until you reach the annual and lifetime caps.

What does Means-Tested Amount determine?

The resident's Means-Tested Amount then determines what fees, contributions or payments the resident may have to pay. These various fees are called:

1. [Base Daily Fees](#),
2. [Means-Tested Care Fees](#), and
3. a) [Accommodation Contribution](#) or
b) an [Accommodation Payment](#) (no contribution by the

government) To learn more about each of these fees continue to [page 4](#)

The three broad categories of resident

1. Resident category one: Low income and low assets

- Resident pays:

Base Daily Fee \$54.69 per day

2. Resident category two: Modest assets and lower income, or lower assets and higher income

- Resident pays:

Base Daily Fee \$54.69 per day

+ Plus an Accommodation Contribution per day.

The amount of this payment will depend on their Means-Tested Amount and the type of facility they live in – i.e. either a new or refurbished facility or an older facility.

3. Resident category three: Higher assets and/or higher income

- Resident pays:

Base Daily Fee \$54.69 per day

+ Plus

Means-Tested Care Fee

+ Plus an Accommodation

Payment

(established in negotiation with the home).

The different fees in detail

1. Basic Daily Fees

This is a standard fee set by the government that all residents must pay as a standard, base contribution towards the cost of their care, regardless of the results of the means testing process. It covers things like food, laundry and electricity.

This fee is generally adjusted by the government every 6 months, on March 20 and September 20 in line with rises in the aged pension.

NB: When one partner of a couple moves to aged care accommodation, both partners may become eligible for the single pension.

2. Means-Tested Care Fees

The Federal Government provides funds to aged care facilities to cover the cost of the personal and clinical care provided to residents.

If a resident has a Means-Tested Amount of more than a certain amount, they will also have to pay an additional contribution towards the cost of their care.

This is called a **Means-Tested Care Fee**

Capping rules

In order to limit the amount a resident has to pay as Means-Tested Care Fees, the government has both annual and lifetime caps in place. These caps are the Annual Cap and the Lifetime Cap.

Once a resident has reached the Means-Tested Care cap in any year, their payments cease until their next anniversary date. The fee then restarts on their anniversary date.

Once a resident has paid the lifetime cap during their whole time in aged care, their payments then cease permanently.

These caps only apply to Means-Tested Care Fees, not any other fees or payments the resident makes, and these capped amounts are indexed by the government each year.

3a. Accommodation Contribution

The last fee contributes to the cost of the accommodation. The Federal Government provides funding to assist with the cost of building and refurbishing aged care facilities. This funding is paid direct to facilities via accommodation supplements.

If the resident has modest assets and lower income or lower assets and higher income, they will be expected to pay a contribution towards this accommodation supplement.

The amount that a resident is expected to pay will depend on:

- a. their Means-Tested Amount, and
- b. the type of facility they live in (older or new/refurbished)

The government then pays the facility any balance of supplement.

The amount that a resident must pay is called a: **Daily Accommodation Contribution (DAC)**

Payment Options

Residents can elect to pay this Daily Accommodation Contribution or they can elect to pay it as a combination of a lump sum deposit and a Daily Accommodation Contribution to the facility to reduce the daily payment.

The lump sum component is fully refundable to the resident or their estate when they leave the aged care facility.

This deposit is called a **Refundable Accommodation Contribution (RAC)**

Residents can elect to pay a **DAC** or Combination of a **RAC** and a **DAC**.

■ Example

The resident's Means-Tested Amount works out to be \$6,000

The Daily Accommodation Contribution (**DAC**) that they must pay will be:

\$6,000 divided by 365 days = \$16.44 per day. They can pay this as:

- a. A Daily Accommodation Contribution (**DAC**) of \$16.44 per day, or
- b. A Refundable Accommodation Contribution (**RAC**) deposit of say \$50,000 plus a daily payment (DAC) of \$11.05 per day.

This resident would also pay the Base Daily Fee.

Another option available to this resident is to have the daily payment of \$11.05 withdrawn from (paid out of) the deposit amount. i.e. the deposit of \$50,000 would be reducing by \$11.05 per day.

3b. Accommodation Payment

If a resident has higher assets or higher income, in addition to paying Means-Tested Care Fees and base daily fee (as detailed previously), they will also have to pay the full cost of their accommodation by way of a refundable deposit paid to the facility.

For these residents, the aged care facility will not receive any accommodation supplement funding from the government, so the resident will have to pay the full cost of their accommodation.

The amount payable by the resident is established in negotiation with the aged care facility and will generally be in line with the Accommodation Prices set by the facility.

■ Accommodation Prices

Each facility must set and publicise the maximum accommodation price (deposit) payable for the facility and each room, or type of room, in that facility. This accommodation price is the lump sum refundable deposit that a resident can be expected to pay.

This price is called the **Refundable Accommodation Deposit (RAD)**.

The maximum Refundable Accommodation Deposits (**RADs**) set by aged care facilities varies depending on the facility and the type of rooms in the facility. The maximum **RAD** payable for Southern Cross Care (Tas.) Inc. aged care facilities is \$550,000 (this is fairly typical of most organisations).

NB: These are the maximum RAD amounts. The amount paid by each resident will be subject to negotiation.

Payment options

Residents who are asked to pay these Accommodation Payments can elect to pay as:

1. a lump sum deposit payment called a Refundable Accommodation Deposit (**RAD**)
or
2. a daily fee, called a Daily Accommodation Payment (**DAP**)
or
3. a combination of both, i.e.
 - Part Refundable Accommodation Deposit (**RAD**), and
 - Part Daily Accommodation Payment (**DAP**)

When calculating the Daily Accommodation Payment (**DAP**) payable in place of a Refundable Accommodation Deposit (**RAD**), an interest rate, set by the government, is used. This interest rate changes regularly and is set by the Government.

Examples of RADs and corresponding optional DAPs

Deposit- RAD	Daily Payment – DAP
\$190,000	\$20.87 day
\$250,000	\$27.46 day
\$295,000	\$32.40 day
\$345,000	\$37.90 day
\$395,000	\$43.39 day
\$450,000	\$49.43 day
\$495,000	\$54.38 day
\$550,000	\$60.42 day

■ Example of part deposit (RAD) and part daily payment (DAP)

Resident's agreed RAD is \$450,000 and they decide to pay a deposit (**RAD**) of \$300,000 and to pay the balance as a daily payment **DAP**
They would have a daily payment of: \$16.47 per day

Having Daily Payments (DAP) taken out of your deposit (RAD)

Where a resident is paying their accommodation payment via a combination of a deposit (RAD) and a daily payment (DAP) they can elect to have the daily payment deducted from (paid out of) the deposit held for them.

Where a resident is also paying a Means-Tested Care Fee they can also elect to have this fee paid out of their deposit.

Residents could also, if they wished, have their base daily fees paid out of their deposit. There is significant flexibility available under the regulations.

■ Valuation of the Resident's Home

If the resident owns a home, it will be counted as an asset for the means testing process, but the amount assessed as an asset will be capped at \$175,2398.20, rather than the actual real value of the home.

However, the full value of the home is used when calculating the maximum **Refundable Accommodation Contribution (RAC)** or maximum Refundable Accommodation Deposit (RAD) that a resident can pay.

After paying a **RAC** or **RAD** the resident must be left with at least \$51,000 in remaining assets.

This needs to be considered when a resident is deciding how they wish to pay their accommodation payment. It may mean that they will need to opt for a part deposit and part daily payment arrangement.

*Please also see notes below relating to the value of the home.

■ What Income is included?

Income included is generally the same as is used to assess a person's aged pension entitlement, plus the resident's actual aged pension amount. This will include:

- Base aged pension (not supplements)
- Bank interest
- Investment income
- Rental income from any property
- Assessable superannuation income
- Foreign pension income
- Any other income

The government uses its set deeming rates to determine assessable income from investments, bank deposit etc. rather than the actual income earned on these investments.

■ What Assets are Included?

Again, the assets included will be similar to those used to assess a person's pension entitlement but may also include the resident's home.

This will include:

- The person's home (see notes following)
- Household contents
- Car, caravan, boat
- Holiday home/shack
- Investment property
- Bank deposits
- Investments
- Any assessable superannuation

■ How is the resident's home treated?

If the resident owns a home, it will be counted as an asset for this means testing process, but the amount assessed as an asset will be capped at \$175,239.20, rather than the actual real value of the home.

If the person owns a home, but someone else lives in the home and any of the following apply, then the home will not be counted as an asset.

- a partner or dependent child is living in the home
- a carer, who is eligible for a pension or income support payment, has lived in the home for at least two years
- a close relative, who is eligible for a pension or income support payment, has lived in the home for at least five years;

*Please note that a carer's allowance does not count as an income-support payment.

Financial Planning and Negotiation

It is important that prospective residents and their representatives arrange for personal discussions with agedcare providers prior to admission if this is at all possible.

The financial arrangements are very complex and the commitments applying to each resident will vary. To arrange for an individual meeting to discuss your personal circumstances please contact one of our Customer Liaison officer Jannette Browning on 6146 1800

Southern Cross Care (Tas) Inc. also recommends, residents may wish to seek independent financial advice.

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The information contained in this document is for guide purposes only. Full details on financial arrangements for accommodation can be discussed with one of our Residential Enquiries Officers or by contacting the AgedCare Information Line on 1800 200 422 or at www.myagedcare.com.au