

Understanding Aged Care Fees



Residents in Australian Government funded residential aged care pay fees as a contribution towards accommodation costs, living expenses and the cost of personal care. The following is an overview of the range of fees and charges that a resident can be required to pay.

Fees Summary

There are seven types of fees that a resident may be asked to pay:

- **Basic Daily Fee**
- **Hotelling Supplement**
- **Non-Clinical Care Contribution (NCCC)**
- **Higher Everyday Living Fee (HELP)**
- **Daily Accommodation Charge (DAC)**
- **Refundable Accommodation Deposit (RAD)**
- **Daily Accommodation Payment (DAP)**

Basic Daily Fee

All residents in aged care, including respite residents, pay a Basic Daily Fee as a contribution towards day-to-day services such as meals, cleaning, facilities management, and laundry.

The Basic Daily Fee is set at 85% of the single, basic age pension. This is payable whether you receive no age pension, a part age pension, or a full age pension.

Hotelling Supplement

The Hotelling Supplement helps aged care homes meet the cost of services such as catering, cleaning and gardening. Residents who can afford it will pay for some or all of the Hotelling Supplement. The Government will pay the rest, including the full Hotelling Supplement for those who are assessed as a fully-supported resident.

Non-Clinical Care Contribution (NCCC)

The Australian Government fully funds all of a resident's clinical care costs. The **NCCC** covers things such as bathing, mobility assistance and lifestyle activities. Those who can afford it will make a contribution towards their **NCCC** based on an asset and income assessment conducted by Services Australia.

Higher Everyday Living Fee (HELP)

Some aged care homes offer higher quality services and additional lifestyle services for a fee, called a Higher Everyday Living Fee (HELP). You cannot be asked to pay a **HELP** until after you have entered permanent care, and you will only pay the **HELP** should you elect to receive the services package. The **HELP** is reviewable at least annually.

Accommodation

Residents are required to pay for their room in an aged care home. The amount you pay is worked out by Services Australia according to your assets and income. It will be one of the following:

Fully-supported

If your income and assets are **below** a certain amount, the Australian Government will pay all of your accommodation costs.

Partially-supported

If your income and assets fall **between** certain amounts, the Australian Government will pay part of your accommodation costs.

Daily Accommodation Charge (DAC)

You will be required to pay for your accommodation in the form of a daily charge.

Self-funded

If your income and assets are **above** a certain amount, then you will pay for the full cost of your accommodation.

Refundable Accommodation Deposit (RAD)

You will pay for the full cost of your accommodation. This takes the form of a room price set by the aged care home, known as the Refundable Accommodation Deposit (RAD).

Daily Accommodation Payment (DAP)

The Daily Accommodation Payment (DAP) is an interest charge levied on any unpaid portion of the **RAD**. The applicable interest rate is determined by the Australia Government and reviewed every quarter. The **DAP** is also indexed to the Consumer Price Index (CPI) and is reviewed twice yearly.

Frequently Asked Questions

How much will I be asked to pay?

The amount you pay is worked out by Services Australia according to your assets and income. Services Australia will then instruct your aged care home how much they must charge you.

Are there limits on how much I can pay?

There are caps on the Non-Clinical Care Contribution (NCCC):

- **Daily cap** – A daily cap of \$105.30 applies to the **NCCC**.
- **Lifetime cap** – Residents do not have to pay the **NCCC** once they reach \$135,319 in total contributions, or after 4 years – whichever comes first.

How do I pay my Refundable Accommodation Deposit (RAD)?

If you are assessed as having to pay a RAD, there are several payment options:

- In full, as a refundable lump-sum contribution.
- As an equivalent daily payment, known as a **Daily Accommodation Payment (DAP)**.
- As a combination of the two, i.e. a part lump-sum contribution known as a **Refundable Accommodation Contribution (RAC)**, as well as a **DAP**.

After entering a home, residents have a 28-day cooling-off period to decide how they would like to pay.

How much of my RAD will be refunded?

When you either vacate the aged care home or when you die, the aged care home must refund your lump-sum RAD payment to you or your Estate. However, the aged care home can retain 2% of your RAD payment for each year of residency in the home, capped at five years. This means that the **minimum** refund that you or your Estate will receive is 90% of your RAD payment.

How are my income and assets assessed?

Everyone entering an aged care home for the first time will need to complete and lodge a "Residential Aged Care Calculation of your cost of care" (SA457) form with Services Australia.

Will my aged care fees fee change over time?

Your status as a supported or self-funded resident is set according to your assets and income at the date of entry to an aged care home. It does not change while you remain in the same home.

If your income and assets change after you have entered care, it will not change the **type** of accommodation costs you pay (daily charge or lump-sum contribution). However, it may change your Hotelling Supplement and Non-Clinical Care Contribution.

If you move to a new aged care home, Services Australia will perform a new asset and income assessment, and your funding status may change.

Financial Hardship Assistance

There are financial hardship provisions for people who have genuine difficulty paying their aged care fees. Depending on your situation, you may apply for financial hardship assistance with your Hotelling Supplement, Non-Clinical Care Contribution, and/or your accommodation costs. Each case is considered on an individual basis.

A successful financial hardship application means that the Australian Government will pay some or all of your aged care fees for you.

Important: This document is only a guide to Australian law and policies and does not take into account your individual circumstances. Senexus recommends that you seek appropriate, personalised professional advice.

**Get the advice you need
when it comes to aged care
Call a Senexus aged care
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