

Understanding fees and charges in Residential Care

As legislated by the Australian Government



1 Basic daily fee

The Basic Daily Care Fee is based on 85% of the National Aged Pension.

- Contributes to your day-to-day living costs. For example, meals, cleaning, laundry, heating and cooling.
- Basic daily fee is calculated by the Government at 85% of the pension.
- Increases biannually.

Centrelink Income and Assets Assessments

- Government assessment to determine your ability to contribute to your accommodation and care costs.
- Assessed by Centrelink or DVA.
- Can be completed prior to admission – valid for 120 days.
- You are not required to complete one, however the maximum fee charges will be applicable.
- The status of the assessment is valid at the time of admission. If a resident is assessed as having the means to pay their own accommodation costs, no reassessment can be requested at a later date. If a resident is assessed as Low Means, they will retain this supported status for the duration of their admission(s) in residential aged care.

2 Accommodation costs

These costs contribute to your accommodation in a residential aged care home. Those assessed as having the means to pay are required by the Australian Government to contribute to these costs.

(i) Advertised room price;

(ii) Resident can select a payment method:

- a. Lump Sum Payment (RAD) – room price paid in full. Payment is fully refundable at time of departure;
- b. Daily Payment (DAP) – equivalent room price paid as a daily rate;
- c. Combination (RAD and DAP) – resident nominates a lump sum amount (RAD), the outstanding balance from the full room price is then converted into a daily payment. The lump sum amount is fully refundable and the daily payment is paid monthly in the resident fees;
- d. Combination (RAD and DAP) with Draw Down – this is the same as option c (above), however the daily payment (DAP) paid on the outstanding room price is drawdown from the RAD so there are no additional daily charges payable in the resident fees. The DAP is compounded and will increase as the outstanding balance increases. This does reduce the lump sum payment amount for refund at time of departure.

Residents assessed as low means will be supported by the Government:

(i) A valid Centrelink Income and Assets Assessment is required;

(ii) Centrelink will advise a Daily Accommodation Contribution (DAC);

(iii) Resident can then select a payment method:

- a. Lump Sum Payment (RAC) – this is calculated with the current MPIR. Payment is fully refundable at time of departure. The RAC will be recalculated quarterly when Centrelink reassesses Income and Assets – charges may change;
- b. Daily Payment (DAC) – this is advised by Centrelink and the daily rate is charged. This rate will vary quarterly and is payable in the daily fee charges. The rate may be capped based on the supported ratio threshold and significant refurbishment status of a facility;
- c. Combination (RAC and DAC) – resident nominates a lump sum amount (RAC), the outstanding balance is then paid as a daily payment (DAC). The lump sum payment is fully refundable at departure. The payments may change as the quarterly reviews reassess;
- d. Combination (RAC and DAC) with Draw Down – this is the same as option c (above), however the daily payment (DAC) paid is drawdown from the RAC so there are no additional daily charges payable in the resident fees.

The DAC is compounded and will increase as the outstanding balance increases. This does reduce the lump sum payment amount for refund at time of departure.

RACs and DACs are only applicable for residents assessed as Low Means. Centrelink reassess this quarterly. This often requires adjustments to the daily contribution (DAC) and in turn any lump sum (RAC) payments made. As such, additional charges or reduced rates may be adjusted as advised. This cannot be predicted and is processed once notification is received from Centrelink.

3 Means tested care fee

In addition to the resident fees and charges, the Commonwealth Government subsidises every resident based on their individual care needs.

The government has now determined that if a resident has the means to support the cost of their care, they will be required to contribute to this and reduce the subsidy paid to providers.

- We do not retain this fee – it is paid directly to the Australian Government.
- This fee is determined by the Centrelink Income and Assets Assessment.
- The fee cannot be higher than the resident's cost of care.
- It is assessed quarterly and can change.
- There are annual and life-time caps associated with this fee.

Financial planning and advice

Whiddon encourages you to seek independent financial advice to determine the most suitable payment options for your individual circumstances. Please contact us or myagedcare.gov.au (1800 200 422) for referrals.

Lump sum payments

- All lump sum payments are fully protected by the Commonwealth Government.
- All payments are refunded to the Estate as required under legislation, in cases where Draw Down payment option have been selected. Where a Draw Down option is selected, if the lump sum balance paid (RAD or RAC), reduces to such a balance that there are no funds remaining, it is a requirement that an additional lump sum payment is made, or the daily charges will be billed to the fees account and payable monthly.

