

## **Users to pay for aged care**

The decision around whether to get some home help or move to where you or a loved one can get support and care is never an easy one.

But from 1 July 2014, changes to the aged care system should give individuals and families a clearer understanding of the choices they have and the cost of getting home help or moving to residential care.

The provision of aged care services remains subsidised by the Government, but the focus of the changes is that those who can afford to contribute to the cost of their care should do so.

### **Home-based care**

For people wanting to stay in their own home as long as possible, the Home and Community Care program is the simplest way for people to get help.

Basic services such as cleaning can be accessed following a simple assessment by an approved provider. The amount a person pays for this will depend on the service, the frequency and their financial situation. However, no one will be denied a service they need, based on inability to pay.

Where a range of services are needed for a person to remain in their own home there is a more comprehensive Home Care Package.

### **Ability to pay**

Someone on the Age Pension will be charged a maximum fee of 17.5% of the basic rate of single pension, with a maximum set at \$9.57 a day.

People on higher incomes may be asked to pay additional fees (limited to 50% of any income above the basic rate of single pension).

Individuals considering the Home Care Package need an assessment by an Aged Care Assessment Team (ACAT), arranged through a General Practitioner or within a hospital. ACAT can also be found on **myagedcare.gov.au**.

ACAT assessments are also needed for anyone entering residential care.

### **Residential care**

One significant change to reforms covering residential care is the removal of the distinction between low level care and high level care.

In addition, all residents will be subject to the same accommodation payment structure.

Residents will be able to choose whether they pay for their accommodation as a 'refundable accommodation deposit' (RAD) or an equivalent 'daily accommodation payment' or a combination of both. Residents will have 28 days to choose the method of payment.

The good news is that 'retention amounts' that currently apply to lump sum accommodation bonds is being removed. Thus, no retention amount will apply to a RAD.

The current income-tested fee for care is being replaced with a means-tested care fee to determine how much a resident pays towards the cost of their care. This new means testing arrangement captures both the income and assets of a resident. To this extent, the RAD will be included as an asset, as will the former home when it is not lived in by an eligible person (up to a capped value). Residents with greater means will have to pay more for their ongoing care, but caps will be put in place to protect those who receive care over a longer period.

To help people determine whether they can afford a certain facility, all facilities must publish their prices on their website as well as the Government website, **myagedcare.gov.au**.

### **Keeping the family home**

Going forward a person's home may play a greater role in the financial decision making around going into care.

Where someone going into care owns their own home and no-one eligible lives in it, a portion of its value - currently set at \$144,500 and anticipated to be indexed to \$153,905 - will count towards the asset component of the means-tested care fee. However, under the new rules many residents may end up paying a lower means-tested fee if they keep their home.

The new rules apply to individuals who enter residential care on or after 1 July 2014, with existing residents grandfathered under the current rules.

*Reproduced by the Kangaroo Valley Seniors Accommodation & Support Committee with the kind permission of Ipac Securities Limited. The rules are complex, so don't hesitate to contact a financial advisor if you would like to discuss your own aged care considerations or those of your loved ones.*

