

# 1. Work out the costs

The Australian Government subsidises aged care homes to keep costs reasonable and affordable. Subsidies based on your care needs are paid directly to the home.

On average, the Australian Government contributes about \$65,000 yearly for each permanent aged care home resident. This amount increases each year.

If you are eligible, you are expected to contribute to the cost of your accommodation and care if you can afford to do so.

My Aged Care can give you an estimate of your likely fees. To get an estimate you can call **1800 200 422** or use the aged care homes Fee Estimator on the website at:  
[www.myagedcare.gov.au/fee-estimator/residential-care/form](http://www.myagedcare.gov.au/fee-estimator/residential-care/form)

## **Costs you may need to pay**

There are various fees you may be asked to pay including:

- **basic daily fee**

This covers daily living costs such as meals, power and laundry. Everyone can be asked to pay this fee and for some people, this is the only fee they need to pay.

The Department of Veterans' Affairs (DVA) will pay the basic daily fee for eligible former Prisoners Of War (POW) and Victoria Cross (VC) recipients.

- **means-tested care fee**

If your income and assets are over a certain amount, you can be asked to contribute towards the cost of your care. The Department of Human Services (DHS) will tell you if you need to pay this fee and the amount will be based on your income and assets assessment.

Eligible former POWs and VC recipients are exempt from paying a means-tested care fee.

- **accommodation costs**

This is for your accommodation in the home. Some people will have their accommodation costs paid in full or in part by the Australian Government, while others will need to pay the accommodation price agreed with the aged care home. DHS will tell you which applies to you based on your income and assets assessment.

- **fees for extra and additional services**

You may have to pay extra if you choose a higher standard of accommodation or additional services that are above your assessed care needs or the care and services your aged care home must provide you.

Staff will assess your care needs within four weeks of you moving into your aged care home using a tool called the Aged Care Funding Instrument (ACFI). Talk to your home about how they have classified your care needs using the ACFI. This will help you to understand what care and services the home can and cannot charge you for. If you have lower care needs you may need to pay extra for some services. If you have high care needs, your home cannot ask you to pay for certain services.

These fees vary from home to home so check with your aged care home provider for details of these services and the fees that apply.

Fees are payable for every day you are in an aged care home. These are calculated daily but generally paid fortnightly or monthly.

### **Arrange your financial assessment**

You will need an income and assets assessment to work out if you are eligible for government assistance with your accommodation costs and if you need to pay a means-tested care fee. How much you pay depends on the result of this income and assets assessment.

**You should arrange for a formal income and assets assessment as soon as possible as this process takes time.**



Assessments are undertaken by DHS, except for eligible members of the veteran community whose assessment may be undertaken by DVA.

To apply for your income and assets assessment you need to complete the *Permanent Residential Aged Care Request for a Combined Assets and Income Assessment (SA457)* form.

You can get this from DHS either by calling on **1800 227 475** and asking for a copy to be sent to you, or downloading a copy of the form from the DHS website at [www.humanservices.gov.au/individuals/forms/sa457](http://www.humanservices.gov.au/individuals/forms/sa457)

If you do not complete an income and assets assessment, you won't be eligible for government assistance with your accommodation and care costs. The aged care home can then ask you to pay the maximum means-tested care fee and an accommodation payment (up to their maximum published room price).

It will take at least two weeks from the date you submit the income and assets assessment form to receive information about your fees. After that time you should check the status of your assessment by contacting DHS on **1800 227 475** or DVA on **1800 555 254**.

### Fee notification letter

If you get a financial assessment before moving into an aged care home, you will receive a letter about the maximum fees you can be asked to pay. The advice will be valid for 120 days – unless there is a significant change in your circumstances. If there is a change in your circumstances, you will need to notify DHS or DVA who will reissue your fee advice letter.

You should take this letter with you to any discussions that you have with potential aged care homes to help you understand the cost of living in their home.

Once you have moved in, DHS will send you and your aged care home a letter outlining the maximum fees you may be asked to pay:

- basic daily fee, and
- means-tested care fee, if any, or
- accommodation contribution, if any.

DHS will send you and your aged care home a letter each time there is a significant change to your means-tested care fee or accommodation contribution.

## Accommodation costs

The amount you can be asked to pay for your accommodation will be one of the following:

- No accommodation costs: if your income and assets are below a certain amount, the Australian Government will pay your accommodation costs.
- An 'accommodation contribution': if you need to pay for part of your accommodation, the Australian Government will pay the rest.
- An 'accommodation payment': if you need to pay for the full cost of your accommodation, you will need to negotiate a room price with your provider.

DHS will advise which applies to you. Whether you have to pay towards your accommodation or not, everyone entering an aged care home needs to agree a room price in writing with their aged care home (up to the maximum published room price on My Aged Care). The room price you agree to must be included in the accommodation agreement given to you before you move in.

If you are required to pay an accommodation contribution or an accommodation payment, you have 28 days from the day you move into the home to decide on your payment method. You can choose to pay your accommodation costs by:

- a lump-sum 'refundable accommodation deposit' (RAD) or 'refundable accommodation contribution' (RAC)
- rental-style payments called a 'daily accommodation payment' (DAP) or 'daily accommodation contribution' (DAC)
- a combination of both lump-sum and rental-style payments (RAD and DAP or RAC and DAC).

You must pay your accommodation costs by the rental-style payment method until you decide how you want to pay for your accommodation.

If you have been asked to make an accommodation contribution, the maximum amount you can be asked to pay will be advised by DHS.

All aged care homes that charge an accommodation payment are required to publish their accommodation costs on the My Aged Care website in the aged care homes service finder:  
[www.myagedcare.gov.au/service-finder/aged-care-homes](http://www.myagedcare.gov.au/service-finder/aged-care-homes)

### **Do I have to pay the maximum published room price on My Aged Care?**

The advertised room price is the maximum price the aged care home can ask you to pay, however, you may be able to negotiate a lower price directly with the aged care home.

### ***Residential respite care costs***

If you receive residential respite care through an aged care home, you won't have to pay any accommodation costs or means-tested care fees.

You can expect to pay a basic daily fee and perhaps a booking fee.

DVA may pay the basic daily fee for eligible veterans and war widows/widowers. Contact Veterans' Home Care for an assessment by calling **1300 550 450**.

The booking fee is a pre-payment of residential respite care fees and not an extra payment. The booking fee cannot be more than either a full week's basic daily fee, or 25% of the fee for the entire stay, depending on which amount is the lowest.

You may also be asked to pay for extra or additional care and services.

### ***Financial hardship assistance***

Help is available if you are having difficulty paying your care and accommodation costs for reasons beyond your control. Financial hardship assistance is available to help you with these costs. Depending on your personal situation, you may apply for financial assistance with your basic daily fee, means-tested care fee and/or accommodation costs.

More information about financial hardship assistance is available on the My Aged Care website, including how you can apply, or you can call My Aged Care on **1800 200 422**.



### **Financial information and education**

You can get basic information about managing your finances from the DHS Financial Information Service. This free confidential service can help you make informed decisions about investment and financial issues for your current and future needs. For more information about the Financial Information Service, call DHS on **132 300** and say 'financial information service' when prompted.

