



COMBINED PENSIONERS AND SUPERANNUANTS ASSOCIATION OF NEW SOUTH WALES INC.

Founded 1931.

Serving pensioners of all ages, superannuants and low-income retirees.

Consumer Protection Awards – 2002, 2003, 2004

FACT SHEET

Last Updated April 2005

Residential Care Accommodation Charge

The following information has been compiled to assist people in choosing a residential aged care facility. For further information please phone the CPSA InfoLine on (02) 9281 3588 or 1800 451 488 (regional) or refer to the organisations listed.

What is an accommodation charge?

- It is an amount you may be asked to pay for 5 years when you enter high level (nursing home) care.
- You will not be asked to pay an accommodation charge if to do so would leave you with less than \$30 000 in assets or you are receiving care on an extra service basis*. You will still receive the care you require.
- Only facilities that have been certified as meeting the minimum building and care standards can charge this fee.

How much will my accommodation charge be**?

- The amount you may be asked to pay depends upon the value of your assets and if you enter care before or after 1 July 2004.
- The accommodation charge agreement must be made between the facility and yourself within 7 days of entering the facility (or 7 days of a guardian being appointed).

* Extra service basis is when a facility offers residents a higher standard of accommodation, food and services at a higher charge. Approximately 5% of all places are extra service places.

** Fees quoted are from Australian Government Department of Health of Ageing as at 20 March 2005.

- Concessional residents* do not pay an accommodation charge.
- For assisted residents** with assets of \$46 972 or more, the accommodation charge can be up to \$9.30/day. Other residents with assets of \$59 657 or more may pay up to \$16.25/day. Assisted residents with assets less than \$46 972 and other residents with assets less than \$59 657, the margin of assets over \$30 000 is divided by 1825.***
- For couples, half the couple's combined assets are counted.

Will the value of my home be counted as asset?

- The value of your home will be counted as an asset unless your spouse or dependent child is living there or a close relative (on income support) has lived there for at least 5 years or a carer (on income support) has lived there for at least 2 years.
- If you rent your home and pay the accommodation charge, the rent will not be counted as income for pension income test or residential care fees purposes. While being rented, its value will not be counted under pension assets test either.

Does every facility calculate the accommodation charge the same way?

- Yes. The following steps can be used to calculate the maximum amount payable when entering care after 1 July 2004:
 1. Calculate the value of your assets.
 2. Subtract \$30 000 from answer in step 1.
 3. Divide result by 5.
 4. Divide this result by 365 for maximum daily accommodation charge.

What if I can't afford the accommodation charge?

- You may defer payment or pay it from your estate but these options incur interest at a maximum rate of double the lowest pension deeming rate applicable at the time you enter the facility.

* Concessional residents are means-tested pensioners who have not owned their own home in the last 2 years and have assets less than \$30,000. The Australian Government will pay your facility a supplement to assist you get into residential care.

** Assisted residents have assets valued between 2.5 and 4 times the annual single basic age pension. Between 16% and 40% of residential aged care places are reserved for concessional and assisted residents.

*** These amounts apply to people entering residential care after 1 July 2004. Amounts that apply prior to 1 July 2004 can be obtained by contacting Australian Government Department of Health & Ageing.

- Residents entering into Accommodation Charge Agreements after 20 March 2004 may incur interest at the rate of 6% per year.*

What if I move to another facility?

- You only pay the accommodation charge for 5 years so only the balance of the 5 years is transferred to the new home.

FOR FURTHER INFORMATION

- **Commonwealth Carelink Centres** – Phone 1800 052 222
- **Australian Government Department of Health and Ageing** – Phone 1800 020 103 or visit the website www.health.gov.au
- **Aged and Community Care Information Line** – Phone 1800 500 853 or visit the website www.seniors.gov.au

This information was correct at the time of printing.

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* Residents who entered into Accommodation Charge Agreements should contact Australian Government Department of Health & Ageing for maximum interest rates charged.