



Questions & Answers

Changes to aged care

Why is aged care changing?

- Our aged care system is currently world class. However, people are living longer thanks to better health and better health care. The Australian Government currently spends more than \$14 billion a year on aged care and this will increase to approximately \$17.5 billion by 2016-17.
- We need to make some fundamental changes, now, to ensure the system:
 - is sustainable and affordable
 - offers choice and puts control back into the hands of consumers
 - encourages businesses to invest and grow
 - provides diverse and rewarding career options.
- Moving towards consumer-directed care is a big part of the changes we’re making to the aged care system. It means people will have greater choice, and care will be based on needs.
- The traditional image of aged care is often associated with residential aged care, but most people want to stay independent and connected to family and community in their home for much longer. Our investment in home support and home care packages means that people will have greater choice and flexibility when it comes to home-based care and support.

What is changing with aged care from 1 July?

- Aged care reforms are being progressively implemented in three phases over 10 years, so our aged care system can be sustainable and affordable, and be the best possible system for all Australians.
- Changes include:
 - More support to stay independent and in your own home and community, with more home care packages to meet your needs.
 - Older people will be asked to contribute to the costs of care, if they can afford to do so.
 - Greater flexibility to pay for your accommodation in an aged care home.
 - Transparent accommodation prices and services listed on the My Aged Care website.
 - Centrelink will provide income testing for people receiving home care, and both income and asset testing for people receiving residential care.

Changes to residential care

How will the new fee arrangements affect me if I am already living in an aged care home?

- New financial arrangements only apply if you enter an aged care home on or after 1 July 2014.

If I am approved and waiting to enter an aged care home before 1 July 2014 but do not enter care until after that time, will I be subject to the new arrangements?

- You will not be subject to the new arrangements if you are approved and waiting for entry into a particular aged care home before 1 July 2014. This is known as pre-entry leave.
- If you are on pre-entry leave it is as if you have entered the aged care home before 1 July 2014 and you will continue with your current fee arrangements.

Do the new arrangements apply if I am receiving respite care in an aged care home before 1 July 2014, but after 1 July 2014 I become a permanent resident in the same aged care home?

- Yes. If you were receiving respite residential care and then permanently move into an aged care home on or after 1 July, then you will be assessed on entry to permanent care under the new arrangements.

How is my family home assessed under the new means test assessment?

- The family home is exempt from means testing for residential care if it is occupied by a protected person such as a spouse or dependent child.
- Otherwise, it will be included but its value will be capped at \$154,179.20 (March 2014 rates).
- For more information about asset and income testing, contact My Aged Care or Centrelink.

What happens if my family home is sold after entering care?

- If your family home was included in your income and assets test, capped at \$154,179.20 when you entered care, you will need to get a new asset and income test to calculate your new means-tested care fees.
- For more information, contact My Aged Care or Centrelink.

What if I don't want to be means and asset tested by Centrelink?

- If you are not assessed, you won't be eligible to receive Government assistance with your accommodation costs, and you can be asked to pay the maximum means-tested care fee.
- You should discuss this with your family and/or a financial expert, because the consequences of not allowing Centrelink to assess your income and assets could place a financial burden on you.

Can a provider charge a lower price than the one listed on My Aged Care?

- The Australian Government has introduced a new system that requires all residential aged care providers, for the first time, to publish their maximum accommodation prices, payment options and a description of key features of each type of room. This means you can compare prices and options and make an informed choice.
- You can negotiate a lower price than that published on the My Aged Care website. The published price is the maximum that a provider can charge for a particular room.

Where can I get information about payments for accommodation and care costs?

- For personalised assistance, call My Aged Care on **1800 200 422** or go to **myagedcare.gov.au**

Are there payment options I need to know about before I enter an aged care home?

- From 1 July 2014, there are changes to how you can pay for your residential care accommodation costs.
- You can pay by lump sum, periodic payment, or a combination of the two.
- This choice applies if you are paying for your accommodation in full or if you are only making a partial contribution.
- You have up to 28 days after entering the home to decide how you want to pay. You can make a decision at any time during this period. You don't have to wait the entire 28 days.
- For personalised assistance, call My Aged Care on **1800 200 422** or go to **myagedcare.gov.au**

How often will my assets and income be assessed when I enter an aged care home from 1 July 2014?

- If your income or assets change, it may affect how much you pay.
- Centrelink and Department of Veterans' Affairs (DVA) will use the information they collect for income support payment purposes to update your income and assets for assessment. You will need to let Centrelink and/or DVA know when there are significant changes to your assets.
- If you are a self-funded retiree (meaning you're not receiving the Age Pension), you should let Centrelink know about any changes to your circumstances when they occur.
- Remember to keep all your records up to date and in an easily accessible location. You can ask for help from a family member, or a financial expert.

Do the annual and lifetime caps apply to me if I am already receiving care?

- No. The annual and lifetime caps only apply if you are paying the new fees and if you entered care on or after 1 July 2014.

Do the annual and lifetime caps move with me if I change to a different provider?

- Yes. If you move between providers, aged care homes and care types, your anniversary date will stay the same. For example, if you entered an aged care home on 15 July 2014 and move to another aged care home on 28 December 2014, your anniversary date for the annual cap will still be 15 July.
- Centrelink will track the caps and let you and your provider know once a cap has been reached.
- The lifetime cap is counted from the date you first entered an aged care home or from the first date you received home care after 1 July 2014.
- Both income-tested care fees, for home care, and means-tested care fees, for residential care, count towards the lifetime cap.
- For more information, call My Aged Care on **1800 200 422** or go to **myagedcare.gov.au**

Will aged care providers be told what the maximum care contributions and accommodation contributions will be for my care?

- Yes. Centrelink will calculate any fees and charges you may need to pay, and will let you and your provider know.
- Centrelink will also work out whether you need to pay an accommodation payment, agreed with your aged care home, or if you are eligible to receive full or partial Government assistance with your accommodation costs.

What personal financial information can my provider collect?

- Your provider can ask you for any information they consider necessary for admission purposes.
- All aged care homes are required to keep your information private under state, territory and Commonwealth legislation. You can expect the information you provide to be treated sensitively by the aged care home.
- If you want to access your personal information, you can contact your aged care home at any time.
- By law, aged care homes are required to manage your information according to certain standards. Under both the *Aged Care Act 1997* and the *Privacy Act 1988*, you are entitled to access the information the aged care home collects from you.
- There are severe penalties, including imprisonment, for people who misuse personal information.

If my assets increase after I have entered care, can I be asked to pay an accommodation payment, if I was previously eligible for Government help with my accommodation costs?

- If you were eligible to receive some government assistance with your accommodation costs when you first entered aged care, you can only be asked to make an accommodation contribution. You can't be asked to pay an accommodation payment, in the same aged care home, at a later date.
- If your income and assets change after you enter care, it is only the means-tested care fees and the accommodation contribution amounts that may change. Centrelink will advise you and the provider of any change.

Changes to home care

Will I be able to access home care packages before the income assessment is complete?

- You don't need to have a completed income assessment to receive a home care package.
- Once your income assessment is complete, Centrelink will calculate your fees and let you and your provider know. These fees will apply from when you first started to receive home care.

How will providers collect fees for home care packages?

- Providers can determine their own collection process, as they currently do for basic daily fees.
- Providers cannot charge fees more than one month in advance.
- You should ask your provider what options they have for you to pay your fees.
- Centrelink will notify you and your provider of the income-tested care fee and basic daily fee, which you may be asked to be pay.

How are annual caps applied for home care?

- There are two annual caps that may apply to you in home care. These are applied at a daily rate:
 - If you are a part-pensioner or someone with equivalent income, your income-tested care fees will be capped at \$5,000 per year or \$13.74 per day (March 2014 rates).
 - If you are a self-funded retiree, your income tested care fees will be capped at \$10,000 per year or \$27.47 per day (March 2014 rates).
- Centrelink uses these daily caps when calculating the daily fees you can be charged.

What if I can't afford to pay my fees?

- You can apply for hardship assistance through Centrelink.
- For information about managing your finances, you can use the free, confidential Financial Information Service. This service can help you make informed decisions about investment and financial issues for your current and future needs. For more information, contact Centrelink on 132 300.