



Residential Aged Care Facilities

Comprising

The Birches
Grange Residential Aged Care Service
Kolor Lodge - Penshurst
Penshurst Nursing Home
Wannon Hostel - Coleraine
Coleraine Nursing Home

FEES & CHARGES

As determined by the Aged Care Act 1997

A guide for new residents
(Effective 20th September 2014)

Western District Health Service – Residential Aged Care Facilities

Welcome to Western District Health Service. The following pages outline the fees and charges policy for residential care. The fees and charges are prescribed by the Aged Care Act 1997, however they may be difficult to understand and therefore we have provided this guide to help you understand how your residential aged care fees are calculated.

1. Basic Daily Care Fee

All new residents will pay a basic daily care fee which represents 84% of the full aged pension. This fee is currently set at \$47.15 per day for full pensioners. There are some transitional arrangements that may apply for residents that were admitted prior to 20th September 2009. The amount of the Basic Daily Care Fee is adjusted twice per year in line with increases in the age pension (each March and September).

2. Means Tested Fees

Means tested fees are an additional fee levied by the government. The Commonwealth reduces the subsidy payable to an aged care facility where a resident is assessed to have income and/or assets at a higher level than the relevant threshold. In order to recover this lost subsidy, residents are asked to pay a Means Tested Care Fee. Each extra dollar charged to you in means-tested fees is to offset a dollar reduction in Commonwealth Subsidy received by the aged care facility.

Means tested fees are payable if your fortnightly income exceeds the Centrelink threshold, (currently \$966.10 for singles and \$948.10 for each member of a couple). Income includes your pension **and/or** Assets exceed the Centrelink Threshold (currently \$155,823.20)

What is Income?

Income for aged care purposes is not the same as taxable income. It may include any money, valuable consideration or profits you may have earned, derived or received from within, or outside Australia. Examples include:

- Income support payments from the Australian Government, such as the age pension, a service pension or an income support supplement;
- Deemed (not actual) income from financial investments; Current Centrelink deemed income rates are:
 - Single - first \$48,800 of financial investments – 2%
 - Couple – First \$79,600 of financial investments – 2%
 - - balance of financial investments – 3.5%
- Net income from rental property (there are some concessional treatments available if you rent out your former home);
- War widow/widower pension and some disability pensions
- Net income from businesses, including farms;
- Superannuation and overseas pensions, income from income stream products such as annuities and allocated pensions;
- Family trust distributions or dividends from private company shares; and
- Deemed income from excess gifting.

A detailed calculation of the means tested fee can be obtained by phoning My Aged Care on 1800 200 422 or by visiting the My Aged Care Website on www.myagedcare.gov.au.

Western District Health Service – Residential Aged Care Facilities

We have provided this explanation of Means Tested Care Fees for your information; however, it is important to note that “means-tested” fees are determined by Centrelink or the Dept of Veterans’ Affairs and are beyond the control of Western District Health Service.

3. Accommodation Payments

In addition to the Basic Daily Care fee and Means Tested Fee, residents with sufficient means may also be asked to pay an accommodation payment. Residents will be given a choice of paying this accommodation payment by a Refundable Accommodation Deposit (RAD), Daily Accommodation Payment (DAP) or a combination of the two.

Residents who have limited assets (below \$45,500) are assessed by the Commonwealth as ‘supported’. No Accommodation Bond or Daily Accommodation Payment will be payable. Instead, Western District Health Service will receive extra daily subsidies from the Commonwealth.

You will have 28 days from the day you enter care to decide on your payment method.

How are my assets/income assessed?

You can call My Aged Care on 1800 200 422 to help you estimate how much you may have to pay towards your residential aged care. Before you call, you should have your financial information ready, especially details of your various forms of income and assets.

Before entering aged care, you should lodge an income and assets assessment form which will be used to determine your fees. The Australian Government will conduct your income and asset assessment. They will advise you and the aged care home if you can be asked to pay towards your accommodation costs, and if so how much.

It is not compulsory to complete the income and assets assessment form; however you should be aware, that if you decide not to complete the assessment, Western District Health Service will charge the maximum (published) price for your chosen Aged Care facility.

How are Accommodation Payments Calculated?

The accommodation payment price will be calculated on an asset/income-tested basis. Western District Health Service publishes our maximum bond price and equivalent Daily Accommodation Price on our website and on the My Aged Care website. The resident must be left with a minimum asset value of \$45,500.

The home will not however be assessable as an asset if any of the following three tests apply:

- Your partner will remain in the home
- Someone who has cared for you and has lived in the home for the past 2 years AND is eligible to receive an income support payment from Centrelink or the Department of Veterans’ Affairs (example Age pension or Service Pension)
- A close relation (either your mother, father, sister, brother, child or grandchild) who has live in your home for the past 5 years AND who is currently eligible

Western District Health Service – Residential Aged Care Facilities

to receive an income support payment from Centrelink or the Department of Veterans' Affairs (for example Age pension or Service Pension).

If none of these three tests apply, the home will be assessable as an asset however, the value will be capped at \$155,823.20.

The value of the income/assets of a resident who is a member of a couple is taken to be 50% of the sum of:

- a) the value of the resident's income/assets; and
- b) the value of the income/assets of the resident's partner.

If a person has income/assets jointly or in common with one or more other people, the value of their interest in the income/asset is included in the means value assessment.

Your assets include \$10,000 for your household furnishings and personal effects unless you advise a different value for them.

Refundable Accommodation Payment (DAP)

Residents with assets assessed at a level higher than the asset threshold (currently \$45,500) will be given a choice to pay a Refundable Accommodation Payment (RAD) or Daily Accommodation Payment (DAP). The maximum RAD is published on www.myagedcare.gov.au and also on Western District Health Service website www.wdhs.net under Aged Care.

Why are accommodation bonds payable?

Capital funding from the Commonwealth is only available in special circumstances. The Commonwealth expects that Aged Care Facilities will charge residents Bonds and Periodic Payments to create sufficient capital to rebuild/renew/replace buildings.

When will the Refundable Accommodation Deposit be payable?

Your Refundable Accommodation Deposit will be payable within 6 months from the date of admission. If paid after this date, interest at the maximum permissible interest rate (currently 6.63%) will be payable on any outstanding amount.

Will I get any of my bond back?

The value of your bond will be repaid to you or your estate following departure from the aged care facility. Western District Health Service will pay interest on any bond balance from the date of departure until payment.

Daily Accommodation Payment (DAP)

The daily accommodation payment (DAP) is an equivalent daily price based on the lump sum amount (RAD) that would ordinarily payable. Example, if based on your income/assets assessment you were to pay a RAD of \$100,000, then the equivalent DAP would be \$18.16 per day. The interest rate used to calculate the daily accommodation payment is the Maximum Permissible Interest Rate (MPIR) which is updated published by the Department of Health and Ageing on a quarterly basis. The current MPIR as at 1st October 2014 is 6.63%.

Western District Health Service – Residential Aged Care Facilities

If the DAP is chosen as the method of meeting the accommodation payment then this will be paid over and above the basic daily fee and the means tested fee.

Medical expenses tax offset

If you are liable to pay tax and you pay residential care fees, you may be entitled to the medical expenses tax offset. The offset can substantially reduce the tax you pay, and increase your income after paying fees and taxes.

The tax offset is set at 20 per cent of net medical expenses over \$2,000.

Eligible fees include basic daily care fees, income-tested fees, extra service fees, the accommodation charge, periodic payments on an accommodation bond and retention amounts from lump sum accommodation bonds.

You may wish to seek advice from your tax agent or financial adviser, or the Australian Taxation Office's Personal Tax Infoline on **13 28 61**

Financial Hardship

The Aged Care Act 1997 (the Act) has "financial hardship" provisions for residents who have difficulty paying the above care fees. Residents may apply for:

- a reduction in their basic daily care fees; and/or
- the reduction to zero of the income-tested fee, accommodation bond, or accommodation charge.

Financial hardship assistance applications will be considered on residents' overall financial circumstances, i.e. their total income and assets, their eligibility for a pension, whether any of their assets are unrealisable, and whether they have income or assets which they can use to pay their care fees.

If you would like to apply for financial hardship, you can obtain the application form from the Finance Officer at Western District Health Service.

For further information about the hardship provisions please telephone 1800 020 103 (toll free) and ask for the individual financial hardship assistance area.

Contact

If you would like any further assistance or would like to make an appointment to discuss any of the Residential Aged Care Fees, please contact the Finance Officer, Gabrielle Baudinette on (03) 555 18366 or email gabrielle.baudinette@wdhs.net