

ACCOMMODATION CHARGES

What is an accommodation charge?

An accommodation charge is a daily amount that you may be asked to pay when you enter an aged care facility (other than an “extra service” facility) to receive high level care. This amount is in addition to the daily fee(s).

Do I have to pay an accommodation charge?

The following people are not required to pay an accommodation charge:

- residents whose assets are worth less than 2.25 times the annual single age pension (\$39,000 as at 20/3/11);
- users of respite care;
- anyone who is suffering financial hardship (this is decided by the Department of Health and Ageing);
- residents entering low level care or an extra service facility to receive either low or high level care (these residents may be asked to pay an accommodation bond instead); and
- “concessional” residents.

A facility cannot legally ask you to pay an accommodation charge unless:

- the facility is “certified”. (This means that the facility’s buildings meet certain requirements.); and
- you and the facility sign an “accommodation charge agreement” before, or within 21 days after, your entry.

What information should I be given?

If a facility wants to charge you an accommodation charge it must give you certain information before you enter the facility. This information includes:

- the minimum value of assets you must be left with after paying the charge (\$39,000 as at 20/3/11);
- the amount of the accommodation charge; and
- the interest rate payable if payment of the accommodation charge is late.

How are my assets assessed?

Centrelink or the Department of Veterans’ Affairs (DVA) assesses the value of the assets of new or prospective residents. This helps to work out the maximum amount of accommodation charge (if any) you may be asked to pay.

The assessment of your assets will take place before you enter a facility if that’s possible. A *Request for an Assets Assessment* form should be completed and sent to Centrelink or DVA (in the case of veterans) who will make a decision about the assessed net value of your assets.

Centrelink or DVA will also decide your resident status, that is, whether you are a “fully supported”, a “partially supported” or a “non-supported” resident if you are entering permanent care for the first time on or after 20 March 2008, or whether you are a “concessional” or an “assisted” resident or neither of these if you first entered permanent care before 20 March 2008. (For an explanation of these terms see our fact sheet called *Introduction to Aged Care*.) You will be given written notice of these decisions and told for how long they will be valid.

You do not have to fill out this form, but if you don’t you may be asked to pay a higher accommodation charge than would otherwise be the case.

What are my assets?

Assets include the net value of all your property such as cash, cars, bank deposits, investments, shares, etc. The value of your home will be included unless at the time when your assets are assessed or you enter a facility (whichever is the earlier):

- your spouse/partner or dependent child is living in the home; or
- your carer, who is eligible for an income support payment, has lived there for the past two years; or
- your close relative, who is eligible for an income support payment, has lived there for the past five years.

If your assets are assessed before you enter a facility and your circumstances change between the time of the assessment and the date you enter care, you may ask for a new assessment if you want to. Any changes after you enter care are not relevant.

How much will I have to pay?

The Department of Health and Ageing or your aged care facility will let you know the maximum amount of accommodation charge that you may be asked to pay. This amount is based on the value of your assets, the date on which you first entered care as a permanent resident, the date you enter the facility that is asking you to pay an accommodation charge, and whether you are a “supported” or “assisted” resident.

The rules regarding the calculation of accommodation charges are too complex to fully explain in this fact sheet. We suggest you contact us if you have any questions. The following is general information only.

If you first enter permanent residential care on or after 20 March 2008 the maximum daily accommodation charge you can be asked to pay is 1/2080th of your assets above an indexed amount (\$39,000 as at 20/3/11), subject to a cap of \$30.55 per day (as at 20/3/11). This rate also applies if you choose not to have an assets assessment.

If you first entered permanent residential care between 1 July 2004 and 19 March 2008, the maximum daily accommodation charge you can be asked to pay is 1/1825th of your assets above an indexed amount (\$39,000 as at 20/3/11), subject to a cap of \$20.19 per day (as at 20/3/11).

If you first entered permanent residential care before 1 July 2004, special arrangements apply. The maximum daily accommodation charge you can be asked to pay is lower (\$17.18 as at 20/3/11) and you can only be asked to pay the accommodation charge for a total of five years even if you move to another facility.

Up to the relevant maximums, the amount you pay is a matter for negotiation between you (or your representative) and the aged care facility.

Once determined, the amount of the accommodation charge does not change while you live in the facility.

Do I get a written agreement?

You cannot be asked to pay an accommodation charge unless you (or your authorised representative) and the facility sign an “accommodation charge agreement” before, or within 21 days after, your entry. The information that must be set out in the agreement includes:

- your proposed date of entry, or date of entry, to the facility;
- the amount of the accommodation charge that accrues each day;
- when you must pay it; and
- how you can pay it.

What if I move to another facility?

If you are paying an accommodation charge and move to another facility (other than an extra service facility) to receive high level care you may be asked to pay an accommodation charge at the other facility. However, if you enter the other facility within 28 days of leaving the first facility, you cannot be asked to pay a higher accommodation charge than the amount you were paying at the first facility.

If you are paying an accommodation charge and move to another facility to receive low level care or to an extra service facility (to receive either high or low level care) within 28 days of leaving the first facility, you may be asked to pay an accommodation bond (instead of an accommodation charge) depending on the value of your assets when you move.

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Empowering older Victorians

Elder Rights Advocacy is the registered business name of Residential Care Rights Inc. (ABN 63 367 539 827) which is part of the National Aged Care Advocacy Program - an Australian Government Initiative.

Note: The information in this fact sheet is general information only – it is not legal advice.

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