

DAILY FEES

The types of fees

There are four types of daily fees that you may be asked to pay if you live in an Australian Government funded aged care facility. One or more of the fees may be relevant to you. They are:

- a basic daily care fee;
- an income tested fee;
- an extra service amount; and
- a respite booking fee (this is only if you use respite services).

If you enter a facility as a permanent resident, you may also be asked to pay an accommodation bond or an accommodation charge depending on the value of your assets. For information about these, see our fact sheets called *Accommodation Bonds* and *Accommodation Charges*.

The maximum level of each fee is set by the Australian Government. Up to these maximums, the amount you pay is a matter for negotiation between you (or your representative) and the aged care provider.

The rules used to calculate daily fees are too complex to fully explain in this fact sheet. We suggest that you contact us if you have any questions about the fees you have been asked to pay. The following is general information only.

Basic Daily Care Fees

All permanent residents of aged care facilities can be asked to pay a basic daily care fee as a contribution towards the cost of care and services such as meals, cleaning, laundry, heating and cooling. If you are an Australian former prisoner of war, the Department of Veterans' Affairs will pay your basic daily care fee.

There are four rates of basic daily care fee as follows:

Standard rate – this is 84% of the single age pension (\$40.25 per day as at 20/3/11) and applies to most residents including full pensioners and some part-pensioners with private income below a certain threshold.

Phased rate – applies to some residents who enter care from 20 September 2009, including part-pensioners with private income above a certain threshold, and self-funded retirees.

Protected rate – applies to some residents who were in care on 19 September 2009, including part-pensioners with private income above a certain threshold, and self-funded retirees who entered care between 20 March 2008 and 19 September 2009.

Non-standard rate – applies to some residents who entered care prior to 20 March 2008, including pensioners who paid a bond above an indexed amount, and self-funded retirees.

It is likely that you will be regarded as a “pensioner” for the purpose of calculating the basic daily care fee if:

- you receive a means-tested pension or benefit from Centrelink or the Department of Veterans' Affairs; or
- you hold a current Pensioner Concession Card.

Income tested Daily Fees

Permanent residents who are part-pensioners or non-pensioners may also be asked to pay a daily income tested fee depending on the amount of their income.

The maximum level of your income tested daily fee is five-twelfths of your assessable income above the income tested fee threshold applicable to you. Different thresholds apply according to the rate of basic daily care fee you are paying.

However, your income tested daily fee cannot be greater than an indexed amount equal to 135% of the single basic age pension.

Also, it cannot be greater than the cost of your care (that is, the amount of subsidy and primary supplements paid by the Government to your facility in respect of your care).

You cannot be asked to pay an income tested daily fee in the following situations:

- you are receiving respite care;
- you are a full pensioner;
- your total assessable income is less than the maximum income of a full pensioner;
- you have a dependent child;
- you are an Australian former prisoner of war;
- you leave (without entering another facility) before the facility is informed about the amount of your income tested fee.

Who calculates the fees?

Maximum basic daily care fees and income tested daily fees are calculated by the Department of Health and Ageing with the assistance of Centrelink or the Department of Veterans' Affairs (DVA).

If you receive a means tested pension from Centrelink, such as an age pension, Centrelink will already have details about your income and will use this information to make the calculation. If you receive a service pension or an income support supplement from DVA, then DVA makes the calculation.

If you do not receive a pension (or your pension is not means tested), you will need to provide information about your income when you enter care. Centrelink will send you a form so that you or your representative can fill in your financial details.

You don't have to fill in this form, but if you don't, the Department of Health and Ageing will have no information to base your fees on and you will probably be charged the maximum fees.

If you are a member of a couple, you will be taken to have half of the total value of the assessed income of both you and your partner. Members of same-sex couples are treated in the same way as members of opposite-sex couples in relation to calculating income tested fees.

Once you have been "income tested", Centrelink (or DVA) passes this information on to the Department of Health and Ageing, which then informs you and the facility about the maximum fees you can be charged.

Income for income tested fee purposes is not the same as taxable income.

For more information about the assessment of your income and income tested fees we suggest you contact Centrelink (tel: 13 23 00 or 1800 227 475), DVA (tel: 13 32 54) or your financial adviser.

What if I disagree with the fees?

You can ask for a review of a decision about the fees you are being charged, but only in certain situations.

Decisions about:

- the relevance of compensation payments; or
 - whether financial hardship applies
- are reviewed by the Department of Health and Ageing.

Decisions about the assessment of your income for the purpose of the income test are reviewed by Centrelink or DVA. You may also have a further right of appeal to the Social Security Appeals Tribunal.

Can my fees change?

Basic daily care fees are indexed upwards twice a year (on 20 March and 20 September) in line with pension increases.

Your total fees can also change if:

- your income increases or decreases; or
- you exceed the allowable number of days of social leave in a financial year. (That is, you are away from the facility overnight on more than 52 days.)

Your fees cannot be increased simply because you are receiving treatment in hospital or you are receiving transition care following a stay in hospital.

When do I pay the fees?

The date for paying fees should be written in your resident agreement.

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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You cannot be asked to pay daily fees:

- more than one month in advance;
- for any period before you move into the facility unless you take pre-entry social leave;
- for any period after you leave the facility. Any fees you have paid in advance for a period after your departure must be refunded.

Extra service amount

Some aged care facilities offer "extra service" places (low care or high care). The entire facility, or a distinct part of it, may offer these places. Residents occupying "extra service" places receive services in addition to the minimum services that facilities must provide. The extra services generally include a significantly higher standard of accommodation, furnishings, food and activities. It does not mean that a higher standard of care is provided, as all facilities must meet the same care standards.

Residents occupying extra service places may be asked to pay an additional daily amount comprising an extra service fee approved by the Australian Government plus an amount equal to 25% of that fee. This total payment is called an "extra service amount". However, some facilities describe this total payment simply as an "extra service fee". The amount of the extra service fee varies between facilities.

Respite fees

If you enter a facility for respite care the maximum basic daily care fee that you may be asked to pay is the Standard rate (that is, 84% of the single basic age pension). Income tested fees do not apply.

You can be asked to pay a respite booking fee. This is like a pre-payment of your fees. The respite booking fee will be the lesser of:

- the total fee for one week's respite care; or
- 25% of the total fees for the period of respite care that you request.

The booking fee will be deducted from the total of the fees you are asked to pay for the period of respite care.

The booking fee will be refunded to you if:

- you are hospitalised before or during your respite period; or
- the facility asks you to leave before the end of your respite period; or
- you cancel the respite booking more than 7 days before your proposed entry date.

If you cancel your booking less than 7 days before your proposed entry date for a reason other than because you are entering hospital, the whole or part of the booking fee may be retained by the facility.

If you choose to finish your respite early, your booking fee can be used to pay for the unused part of your booked respite period.

Contact ERA

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