

INTRODUCTION TO AGED CARE

The law

The *Aged Care Act 1997* and the *Aged Care Principles* are laws that regulate Australian Government funded residential aged care services.

The names

Under these laws:

- “Nursing homes” and “hostels” are called “residential care services”. They are also known as “aged care facilities”.
- There are two levels of care - “low level care” which is similar to the care provided by a hostel and “high level care” which is similar to the care provided by a nursing home.
- An “extra service” facility is an aged care facility that provides a higher standard of accommodation and services than is normal. In return, an additional daily fee is payable.

Assessment of level of care

You will need to be assessed by an Aged Care Assessment Service (ACAS) before you can enter Australian Government funded residential aged care.

The ACAS will assess your care needs as either “high” or “low” level. You can then look for a facility that meets your needs.

Cost of residential care

The fees and other payments that you may be asked to pay depend on factors including:

- the date you enter the facility;
- your income and assets;
- whether you are a pensioner;
- whether you enter low level or high level care;
- whether you enter an “extra service” facility; and
- if you are already a permanent resident and you are moving to a new facility - the date you first entered permanent care;

The Australian Government sets the maximum amount of each type of payment that you can be asked to pay. Up to these maximums, the amount

you pay is a matter for negotiation between you (or your representative) and the aged care provider.

Types of payments

- All residents may be asked to pay a basic daily care fee. The maximum basic daily care fee for most residents who first enter permanent residential care on or after 20 September 2009 is equal to 84% of the single basic age pension (\$40.25 per day as at 20/3/11).
- Permanent residents who are non-pensioners or part-pensioners may also be asked to pay a daily income tested fee depending on the level of their income.
- A person entering an extra service facility may be asked to pay an additional daily amount called an “extra service amount”. This comprises an extra service fee plus an amount equal to 25% of that fee. Facilities often describe this total amount simply as an “extra service fee”.
- A person entering low level care or entering an extra service facility (for either high or low level care) may also be asked to pay an accommodation bond depending on the value of their assets.
- A person entering high level care (other than in an extra service facility) may also be asked to pay a daily accommodation charge depending on the value of their assets.

For more information see our fact sheets called *Daily Fees, Accommodation Bonds and Accommodation Charges*.

Assessment of assets

You can only be asked to pay an accommodation bond or an accommodation charge if the value of your assets when you enter care is more than an indexed amount (\$39,000 as at 20/3/11). This is also the minimum amount of assets that you must be left with after taking payment of an

accommodation bond or an accommodation charge into account.

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 bond or accommodation charge (if any) that 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 (see *Resident status*). 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 an accommodation bond or an accommodation charge that would leave you with less than the minimum amount of assets.

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 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.

Resident status

On 20 March 2008, new arrangements regarding the financial assistance provided by the Australian Government for residents who cannot fully meet their accommodation costs came into effect. This assistance is provided to "supported" residents through the payment of an accommodation supplement to the facility in which they live.

You are a "supported" resident if you enter permanent care (other than in an extra service facility) for the first time on or after 20 March 2008 and your assets are valued at or below a certain threshold (\$102,544 as at 20/3/11).

You are a "fully supported" resident if your assets are less than an indexed amount (\$39,000 as at 20/3/11). Fully supported residents receive the maximum supplement and cannot be asked to pay an accommodation bond or accommodation charge.

You are a "partially supported" resident if your assets are above this level but below the threshold for being a supported resident. Partially supported residents may be asked to pay a small accommodation bond or accommodation charge.

Arrangements for residents who first entered permanent care on or before 19 March 2008 remain in place. Such a person may be a "concessional" resident or an "assisted" resident depending primarily on the value of their assets when they entered care. A concessional resident cannot be asked to pay an accommodation bond or accommodation charge and an assisted resident may be asked to pay a small accommodation bond or accommodation charge.

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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Agreements

You must be offered a resident agreement that sets out details about the care and services to be provided to you.

If you agree to pay an accommodation bond or an accommodation charge, you will be asked to sign an accommodation bond agreement or an accommodation charge agreement, whichever is applicable.

If you enter an extra service facility your resident agreement must contain additional provisions.

It is possible that all of the necessary information will be contained in one document.

For more information about agreements, see our fact sheets called *Agreements and Information*, *Accommodation Bonds* and *Accommodation Charges*.

Increased care needs

Some facilities offer both low and high levels of care and may offer “ageing in place” to residents who initially enter the facility to receive low level care. This means that if the resident’s care needs increase and they need high level care, they can continue to live in the same facility and receive the high care services that they need.

Before you enter a facility make sure you understand the full range of services that will be available to you, both at the time of entry and in the future if your care needs increase.

Certification

Essentially, an aged care facility will be certified by the Australian Government if the standard of care and the buildings and equipment used to provide the care meet certain requirements. Only certified services may charge accommodation bonds or accommodation charges.

Accreditation standards

A residential care facility must be accredited by the Aged Care Standards and Accreditation Agency (the Agency) before the provider is eligible to receive Australian Government funding.

Facilities are required to meet four accreditation standards each of which comprises several expected outcomes. The Agency monitors facilities to see if they are complying with the standards. You can contact the Agency by phoning 1800 288 025. Accreditation reports are published on the Agency’s web site at www.accreditation.org.au.

Complaints

If you believe that a provider has not met its responsibilities you may lodge a complaint with the Department of Health and Ageing’s Aged Care Complaints Investigation Scheme (tel: 1800 550 552). For more information, see our fact sheet called *Making a Complaint*.

If you are considering lodging a complaint we suggest you contact us first to discuss your concerns and the outcomes you are seeking.

Contact ERA

Phone: (03) 9602 3066, 1800 700 600

Email: era@era.asn.au

Mail: Elder Rights Advocacy
Level 2, 85 Queen Street
Melbourne VIC 3000

Website: www.era.asn.au

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