



Residential care fees and means testing

11 February 2025



Acknowledgement of Country

I would like to acknowledge the Traditional custodians of the lands on which we are virtually meeting today.

I am based in Canberra on the lands of the Ngunnawal people. I acknowledge and pay respect to their continuing culture and the contribution they make to the life of this city and this region.

I also extend that acknowledgement and respect to other families with a connection to this region and any other Aboriginal or Torres Strait Islander people who are here with us today.



Introductions and housekeeping

Presenters

- Nick Hartland (Chair), First Assistant Secretary, Systems, Engagement and Contributions Division
- Susan Trainor, Assistant Secretary, Contributions and Accommodation Reform

Questions

- There will be a Q&A session at the end of the webinar.
- You can submit questions using the Slido function on the right-hand side of your screen.



What we'll cover today

Reforms under the new Aged Care Act on **residential care**:

- consumer contributions
- means testing.

Scan the QR code to find out about upcoming aged care reform webinars or watch past webinars.



Why these reforms are needed

- We are making positive, lasting changes to aged care to put the rights and needs of older people first.
- We all want to feel confident that we will be able to access affordable, safe and suitable support as we age.



Means testing reforms

The reforms consist of:

- means testing the hotelling supplement which is currently paid in full by government
- abolishing the current means tested care fee and associated annual and lifetime caps
- introducing a new means tested contribution to non-clinical care, including a new daily cap on payments and a new lifetime cap
- mandatory reporting to keep residents' means assessments current.

The *no worse off* principle

- A no worse off principle will apply to everyone in residential aged care on 30 June 2025.
- Existing residents retain their existing contribution arrangements for the entirety of their stay in residential care.



What will stay the same



The government will continue to fund the majority of aged care.



All residents will continue to pay a Basic Daily Fee.



The way different types of income and assets are assessed in the residential aged care means assessment will not change.



Current financial hardship assistance arrangements will continue.

What will change

- Means testing
- Current means tested care fee will be abolished
- introduction of Hotelling Contribution
- introduction of Non-Clinical Care Contribution
- mandatory reporting
- accommodation costs
- grandparenting of fee arrangements.



Changes to means testing

- A resident's **means tested amount** is based on their assessable income and assets.
- It will continue to be the sum of their **income tested amount** and **asset tested amount**.
- Income and asset taper rates are changing.

Hotelling Supplement contribution

- Starting 1 July 2025, the Hotelling Supplement will be means tested for new residents.
- Residents who can afford to pay their full accommodation costs will contribute to daily living costs such as food, cleaning, laundry and utilities.



Hotelling Supplement contribution

- The means test will require a contribution from residents with:
 - assets over \$238,000 or
 - income over \$95,400 or
 - a combination.
- The contribution will be up to the maximum Hotelling Supplement of \$12.55 per day (20 September 2024 rates).
- The government will pay providers the difference.

Non-Clinical Care Contribution

- The Government will fully fund all **clinical** care costs in residential aged care.
- For new residents from 1 July 2025, the new means-tested **Non-Clinical Care Contribution** (NCCC) will replace the Means Tested Care Fee.
- This contribution will be for **non-clinical** care costs such as bathing, mobility assistance and lifestyle activities.
- It will only apply to residents who can afford to pay the full Hotelling Supplement contribution.

Non-Clinical Care Contribution

- The non-clinical care means test will require a contribution of
 - 7.8% of assets over \$502,981 or
 - 50% of income over \$131,279 or
 - a combination of the twoup to a daily limit of \$101.16.
- It is paid until the resident has contributed \$130,000 or been in residential aged care for 4 years, whichever occurs first.
- The government will pay the difference.

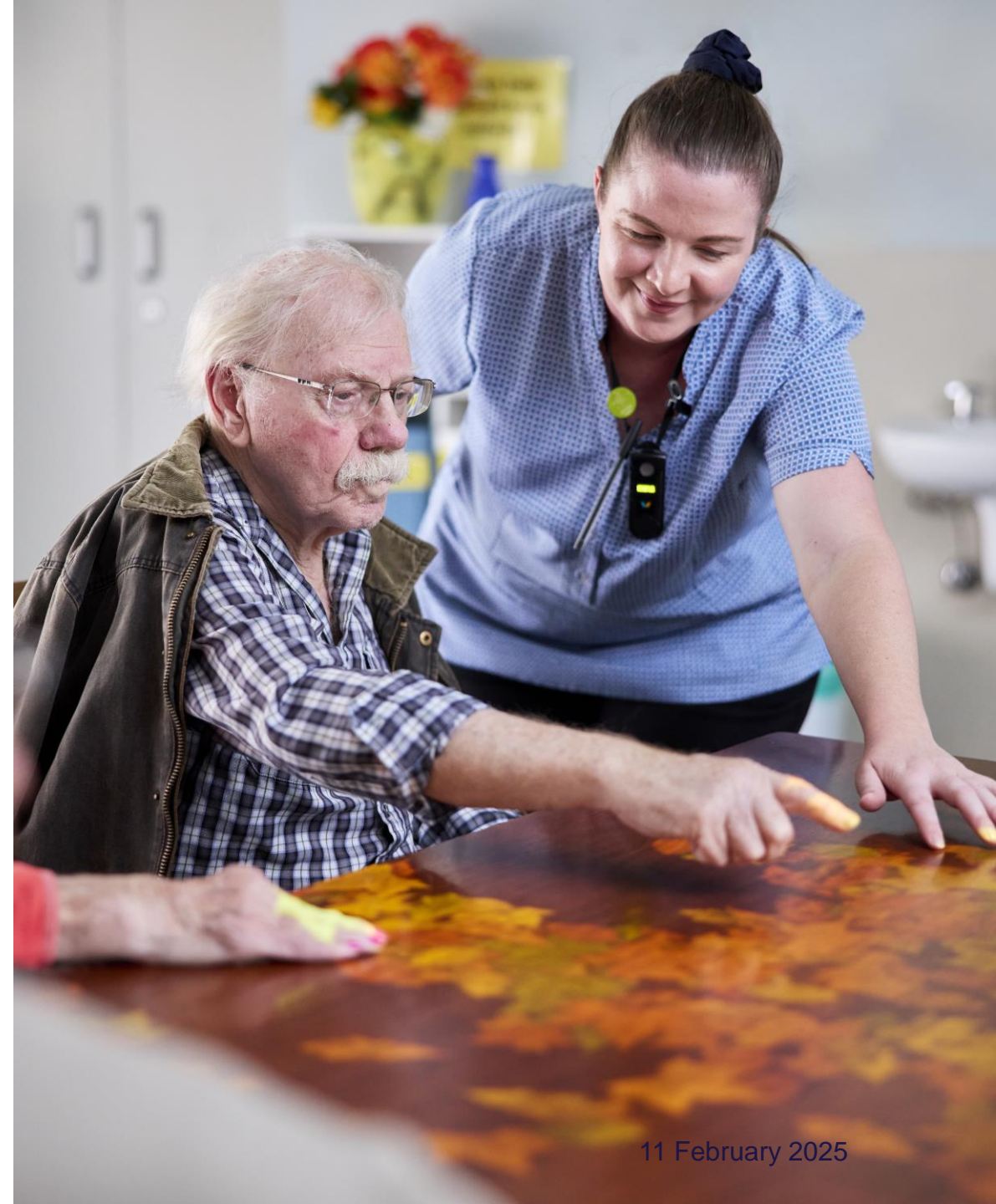


Mandatory reporting

- Providers will regularly report individual refundable deposit balances.
- Residents will be required to report changes to their personal and financial circumstances.
- Residents can elect to be classified 'means not disclosed'. They:
 - won't be asked to report financial circumstances
 - won't be eligible for government support with accommodation costs or Non-Clinical Care Contribution
 - can later elect to complete a means assessment but this cannot be back dated to their entry to care.

Grandparenting for current residents

- The current fee arrangements will continue for residents already in care before 1 July 2025.
- This includes the:
 - pre 1 July 2014 cohort
 - post 1 July 2014 cohort.
- Individuals will be able to 'opt out' of their grandparented fee arrangements at any time.



Related residential care reforms

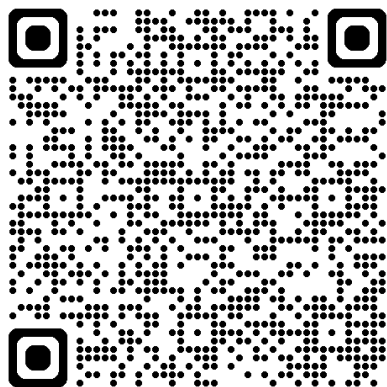
These will be covered in upcoming webinars:

- Higher Everyday Living Fee
- accommodation reforms, including
 - maximum accommodation price change
 - RAD retention
 - DAP indexation.

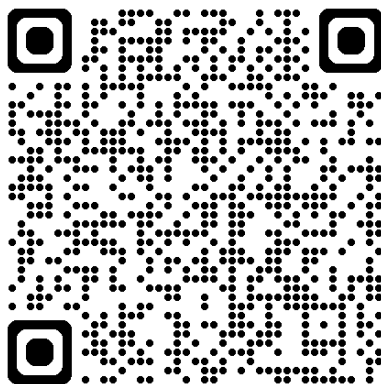
Resources

The following resources are available on health.gov.au.

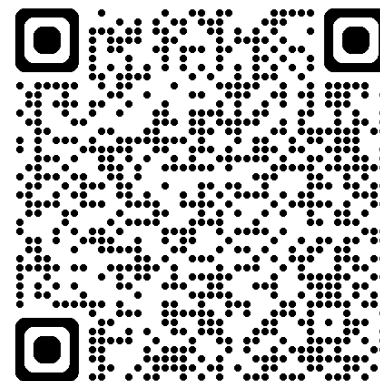
Response to the Aged Care Taskforce – Residential Care Contributions



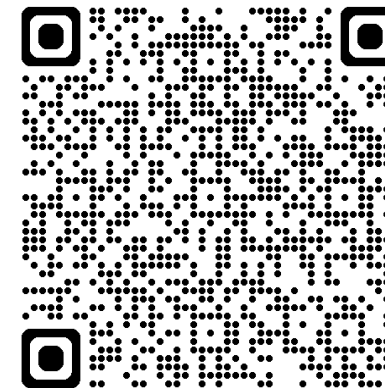
Higher Everyday Living Fee fact sheet



Response to the Aged Care Taskforce – Accommodation Reform



Schedule of Fees and Charges for Residential and Home Care



Q&A

- You can **submit questions in Slido** on the right-hand side of your screen.





agedcareengagement.health.gov.au



Phone **1800 200 422**
(My Aged Care's free call phone line)

Means testing – income and asset tested amounts

<i>Aged Care Act 1997</i>	<i>Aged Care Act 2024</i>
<p>Income tested amount is the following amount divided by 364:</p> <ul style="list-style-type: none">• 50% of income above the <i>income free area</i>	<p>Income tested amount is the sum of the following divided by 364:</p> <ul style="list-style-type: none">• 50% of income between the <i>income free area</i> and <i>first income threshold</i>• 50% of income between the <i>second income threshold</i> and <i>third income threshold</i>• 50% of income above the <i>fourth income threshold</i>.
<p>Asset tested amount is the sum of the following divided by 364:</p> <ul style="list-style-type: none">• 17.5% of assets between the <i>asset free area</i> and <i>first asset threshold</i>• 1% of assets between the <i>first asset threshold</i> and <i>second asset threshold</i>• 2% of assets above the <i>second asset threshold</i>.	<p>Asset tested amount is the sum of the following divided by 364:</p> <ul style="list-style-type: none">• 17.5% of assets between the <i>asset free area</i> and <i>first asset threshold</i>• 7.8% of assets between the <i>second asset threshold</i> and <i>third asset threshold</i>• 7.8% of assets above the <i>fourth asset threshold</i>.

