



# Residential care fees and means testing webinar – Frequently Asked Questions

Thank you to everyone who attended and submitted their questions in our [11 February webinar](#) about changes to residential aged care fees under the new Aged Care Act from 1 July 2025. This document provides answers to frequently asked questions from the webinar.

## Contents

1.	<a href="#">Communication</a>	2
2.	<a href="#">Transition to the new Aged Care Act and <i>no worse off</i> principle</a>	2
3.	<a href="#">ICT arrangements</a>	4
4.	<a href="#">Mandatory reporting</a>	5
5.	<a href="#">Financial hardship</a>	5

# 1 Communication

## 1.1 How can I learn about upcoming changes in the residential care arrangements from 1 July 2025?

As we release information and resources, it will be available on the [Department of Health and Aged Care](#) (for providers) and [My Aged Care](#) (for older people, families and carers) websites.

We use a range of channels to communicate with the aged care sector and older people, families and carers about upcoming reforms. You can stay informed by subscribing to our [aged care newsletters and alerts](#).

## 1.2 What help can people get to work out the fees and charges when considering a move to residential aged care?

For fees before 1 July 2025, you can use the [Fee estimator](#) on My Aged Care. You can also refer to [residential aged care case based scenarios](#) which explains how fees are charged. A new fee estimator which will allow potential residents to estimate the new fee arrangements under the *Aged Care Act 2024* will be made available as soon as possible.

For information about upcoming reforms, providers can refer to [Aged Care Taskforce resources](#) and older people can refer to [Improving Australia's aged care system](#) page on My Aged Care.

# 2 Transition to the new Aged Care Act and the *no worse off* principle

## 2.1 If a person entered residential aged care before 1 July 2014, will their contribution and accommodation arrangements change on 1 July 2025, such as the retention amount?

For older people already living in residential aged care before 1 July 2025 covered by one of the pre-July 2014 fee arrangements, our no worse off principle means they will have their current fee arrangements-maintained post 1 July 2025, even if they move services or have a break in care. The fee arrangements of these residents will only change if they opt out of their existing arrangements. It is important to note that if an individual who was under the pre-1 July 2014 accommodation arrangements as at 1 July 2025, later becomes subject to the post 2025 accommodation arrangements, the indexing of daily accommodation payments will apply but the RAD/RAC retention period is taken to have been automatically met.

If an existing resident enters a new aged care home within 28 days of leaving their previous aged care home, they will continue to be protected from changes to their fees and payments. This only applies if the person hasn't previously opted out of their existing fee arrangements.

If a resident under the post-1 July 2014 fee arrangements is out of residential aged care for more than 28 days, when they return, they will be subject to the new accommodation arrangements. However, they would be protected from changes to means testing for their remaining time in residential aged care, or until they opt out of these existing arrangements.

However, pre-2014 residents are exempted from this 28-days rule and the new means testing and accommodation payments will only be applicable if they opt-in to the new fee arrangements under the *Aged Care Act 2024*.

## **2.2 When can residents opt into *Aged Care Act 2024* fee arrangements?**

Once the new *Aged Care Act 2024* fee arrangements commence, an existing resident can opt into the *new* fee arrangements at any time by notifying their provider.

## **2.3 How does the 4-year rule work? If a resident opts into the new system, is it still from date they entered permanent residential aged care?**

A resident will stop paying the non-clinical care contribution after 4 years of contribution, or after their total contributions reach \$130,000, whichever they reach first. Any contributions made previously in home care or in means tested care fees will count towards the \$130,000 cap.

For a resident opting into the *Aged Care Act 2024* fee arrangements, the 4-year rule to the non-clinical care contributions will be counted from the date they opt in.

## **2.4 For a resident who pays a means tested care fee and decides to switch to new arrangements after 1 July 2025, will amounts paid to that date count towards the non-clinical contribution cap of \$130,000 (as indexed)?**

Yes, existing residents who opt in to the *Aged Care Act 2024* fee arrangements will have their previously paid means tested care fee as well as any contributions paid in home care counted towards the non-clinical care contribution lifetime cap of \$130,000 (indexed twice a year).

## **2.5 How will the family home be treated in the assets assessed for the hotelling supplement and non-clinical care fees from 1 July 2025?**

The treatment of the family home in the residential aged care means test will not change. The value of the family home is only assessable if it does not have a 'protected person' still living there (e.g., a spouse). If the family home is not occupied by a 'protected person', the value of the home is included as an asset but is capped at \$206,663 (as at 20 March 2025, indexed in line with the Age Pension in March and September each year).

## **2.6 Are there any changes to what is defined as a protected person?**

There are no changes in the definition of 'protected person'. For more information, visit the [Services Australia](#) website.

## **2.7 Will there be different income free and income test thresholds for single and couples and illness separated couples?**

Yes, couples and [couples separated by illness](#) will have different income free and income test thresholds than single residents.

## **2.8 Will there be any changes to how are couples treated under the means test?**

No, we will continue to calculate the income of couples by combining and splitting 50/50 for the purposes of the means test.

## **2.9 Will annual and lifetime caps be indexed in March and September each year?**

Under the changes there is no annual cap on payment of the non-clinical care contribution. Instead, there will be a daily cap (currently \$101.16) and a lifetime cap (currently \$130,000).

We anticipate these will be indexed March and September each year in line with the Consumer Price Index (CPI), as is the case with the current annual and lifetime caps.

## **2.10 Will people assessed for a Home Care Packages before 12 September 2024 be eligible for 'no worse off' grandfathering arrangements?**

Yes, people who were assessed and approved for a Home Care Package before 12 September 2024 or were receiving a package are covered by the *no worse off* principle.

If an older person who is covered by the *no worse off* principle moves into permanent residential aged care in the future, they will be subject to the current post-1 July 2014 means testing arrangements, even if they enter residential aged care after 1 July 2025, however the new accommodation payments will be applicable if they enter after 1 July 2025.

## **2.11 Which fees can be drawn down from a refundable accommodation deposit (RAD) or refundable accommodation contribution (RAC)?**

If you decide to pay by lump sum for part or all of your accommodation costs, your residential aged care provider must allow you to draw down on your lump sum to pay any remaining daily accommodation costs. This means:

- Individuals can draw down a daily accommodation payment (DAP) from their refundable accommodation deposit (RAD) balance to meet their accommodation costs.
- Individuals who are low means can draw down a daily accommodation contribution (DAC) from your refundable accommodation contribution (RAC) balance to meet their accommodation costs.

An individual and provider may also agree to draw other aged care fees from the RAD or RAC balance, such as basic daily fee, hotelling contributions, non-clinical care contributions or means tested care fee, whichever may apply.

Drawing down other fees is a matter for negotiation between the individual and their provider.

## **3 ICT arrangements**

### **3.1 Will the department be releasing a calculator that can be used to estimate fees under the new system?**

A new fee estimator will soon be available on My Aged Care website to assist care recipients, and their families in estimating the new fee arrangements under the *Aged Care Act 2024*.

Please note, the fee estimator will be provided as a guide for general information only. The actual amount payable will depend on a person's individual circumstances, including when they enter residential aged care and their income and means assessment.

## **4 Mandatory reporting**

### **4.1 When does the mandatory reporting for refundable deposits start?**

From 1 July 2025, providers will be required to report RAD and RAC balances under the *Aged Care Act 2024*. This means that providers will be required to report individual residents' RAD and RAC balances as part of their monthly claim cycle, starting with the claim for their July 2025 payment. We will release more information when available.

Under the *Aged Care Act 2024*, individuals will be required to keep their information current, which will bring the aged care means assessment into closer alignment with the age pension means assessment. The reported RAD and RAC balances will be used to ensure that individuals' records are current and ensure they are paying the correct fees and contributions.

## **5 Financial hardship**

### **5.1 Will the full financial hardship application still be required on the lapse date?**

The financial hardship application process will remain the same. Applicants will need to complete a new application when their current one expires.

Further information on [financial assistance](#) can be found at My Aged Care website.