



Accommodation funding and the Higher Everyday Living Fee

10 April 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
- Adriana Platona, First Assistant Secretary, Residential Care Division
- Susan Trainor, Assistant Secretary, Contributions and Accommodation Reform Branch

Questions

- The government is operating in accordance with the *Guidance on Caretaker Conventions*, pending the outcome of the 2025 federal election.
- We will only be answering questions submitted during registration.

What we'll cover today

Accommodation funding

- Key accommodation reforms:
 - increase to maximum accommodation price
 - RAD and RAC retention
 - DAP indexation
- other accommodation changes.

Higher Everyday Living Fee (HELF)

- What the HELF is and how it will work
- impact on existing fee arrangements
- HELF agreements.

Accommodation funding reform

Accommodation funding

- Accommodation funding support is means tested.
- Individuals can choose how to pay for their accommodation, from:
 - a lump sum payment – either a Refundable Accommodation Deposit (RAD) or a Refundable Accommodation Contribution (RAC)
 - a periodic and non-refundable payment – either a Daily Accommodation Payments (DAP) or a Daily Accommodation Contribution (DAC)
 - a combination of lump sum and periodic payment.
- People who fully pay their accommodation costs agree the price with their provider prior to entry.

Implementing Taskforce accommodation reforms

1 January 2025

- Increase to maximum accommodation price began.
- Indexed on 1 July each year.

1 July 2025

- Refundable accommodation deposit (RAD) and refundable accommodation contribution (RAC) retention begins.

1 July 2025

- Daily accommodation payment (DAP) indexation begins.
- Indexed on 20 March and 20 September each year.

Increase to maximum accommodation price

- Increased from \$550,000 to \$750,000
- indexed annually on 1 July
- charging more requires IHACPA approval
- no impact on existing residents
- lower-priced options will remain.



RAD and RAC retention

- 2% per annum applied as a daily rate to the daily balance
- deducted monthly
- capped at 5 years
- applies to new RADs and RACs
- does not apply to residents who entered care before 1 July 2025.



RAD retention calculation example

Scenario

- Resident entered on 5 July 2025
- agreed price is \$600,000
- initial RAD was \$500,000
- plus \$23.07 DAP
- provider deducts 2% retention on the 28th of each month
- no other fees deducted from the RAD.

Formula

$2\% \times \text{RAD balance} \div 365 \times \text{number of days}$

First retention deduction

- $2\% \times \$500,000 \div 365 \times 24$
 $= \$657.53$
- New RAD balance is
 $\$500,000 - \675.53
 $= \$499,342.47$

RAD retention calculation example

Scenario

- Resident entered on 5 July 2025
- agreed price is \$600,000
- initial RAD was \$500,000
- plus \$23.07 DAP
- provider deducts 2% retention on the 28th of each month
- no other fees deducted from the RAD.

Formula

$2\% \times \text{RAD balance} \div 365 \times \text{number of days}$

Second retention deduction

- $2\% \times \$499,342.47 \div 365 \times 30$
 $= \$820.84$
- New RAD balance is
 $\$499,342.47 - \820.84
 $= \$498,521.63$

Key takeaways from example

- ✓ Retention applies to the refundable deposit balance rather than the agreed price
- ✓ the refundable deposit balance changes over time (including due to retention deductions) and so does the calculation of the RAD retention amount.

Note: This was a simple example. In some cases, the refundable deposit balance will change during the month. Providers need to calculate the retention for each day.

‘Maintaining’ the agreed accommodation payment amount

- Aged care fees can be deducted from RADs and RACs.
- Where this occurs, a resident is required to ‘maintain’ their accommodation payment or contribution.
- They can do this by:
 - topping up their refundable deposit
 - paying or increasing their DAP or DAC.
- They are not required to maintain their balance for retention deductions.

DAP indexation

- DAPs indexed twice a year (20 March and 20 September) to CPI
- aligns with government-funded accommodation supplement increases
- applies only to new residents
- does not apply to DACs.



DAP indexation example

Scenario

- Resident entered on 10 July 2025
- initial DAP is \$120 per day
- indexation occurs on 20 September 2025
- DAP **index number** on
 - 10 July 2025 is 1.0
 - 20 September 2025 is 1.015.

1. **Determine the indexation factor**
 - DAP index number on indexation day ÷ DAP **index number** on reference day
 - $1.015 \div 1.0 = 1.015$
2. **Calculate the indexed DAP**
 - Initial DAP x indexation factor = indexed DAP
 - $\$120 \times 1.015 = \121.80 per day

| Date | DAP |
|-------------------|----------|
| 10 July 2025 | \$120.00 |
| 20 September 2025 | \$121.80 |

Key takeaways from example

- ✓ DAPs are subject to indexation to reflect changes in economic conditions.
- ✓ Regular indexation ensures that accommodation payments remain fair and aligned with current economic conditions.

Other accommodation changes

- Accommodation agreements are required before entry
- daily accommodation contributions can't exceed agreed price
- aged care accommodation reviews.



When RAD/RAC retention and DAP indexing apply

RAD/RAC retention and DAP indexing will apply for people:

- who first enter residential care from 1 July 2025
- in care immediately before 1 July 2025
 - if they move to a new service after they have opted in to the 2025 consumer contribution arrangements while in a service
 - if they opt into the 2025 consumer contribution arrangements when they move to a new service
 - if they leave permanent residential care for more than 28 days other than on approved leave (only applies to post 2014 accommodation class).

When RAD/RAC retention and DAP indexing apply

| Entered care | Scenario | RAD/RAC retention applies | DAP indexing applies |
|---|---|---------------------------|----------------------|
| On/after 1 July 2025 | First enters permanent residential care | Yes | Yes |
| In permanent residential care before 1 July 2025 | In permanent residential care | No | No |
| | Moves to a new service | No | No |
| | Discharged from care for more than 28 days and re-enters permanent care | Yes | Yes |
| | Opts into post-2025 fee arrangements while in a service | No | No |
| | Moves to a new service after opting into post-2025 fee arrangements | Yes | Yes |

When RAD/RAC retention and DAP indexing apply

| Entered care | Scenario | RAD/RAC retention applies | DAP indexing applies |
|--|---|---------------------------|----------------------|
| In permanent residential care before 1 July 2014 | In permanent residential care | No | No |
| | Moves to a new service | No | No |
| | Discharged from care for more than 28 days and re-enters permanent care | No | No |
| | Opts into post-2025 fee arrangements while in a service | No | No |
| | Moves to a new service after opting into post-2025 fee arrangements | No | Yes |

Higher Everyday Living Fee

Higher Everyday Living Fee

- A new optional fee introduced from 1 July 2025
- replaces the Extra Service Fee and Additional Service Fee
- opportunity for residents to purchase additional goods and services at a higher standard than required
- based on goods and services only, regardless of the room a person occupies.



How it will work

1. The price of HELF services will be set by providers in line with the current market.
2. HELF arrangements include significant consumer protections.
 - You can't agree to a HELF until after you enter care
 - You cannot be forced to agree to a HELF in order to secure a place.
 - You have a 28 day cooling off period
 - Your provider must review the HELF agreement at least once a year
3. Before signing an agreement, providers need to give residents specific information including a list of all HELF goods and services and their costs.

Standard provisions

- A variety of non-alcoholic beverages available, e.g. water, milk, fruit juice, tea and coffee.
- 3 meals per day (including the option of dessert with either lunch or dinner) with sufficient variety plus morning tea, afternoon tea and supper.
- Excludes provision of motorised wheelchairs, electric mobility scooters and customised mobility aids.
- Fit-for-purpose communal lounge and dining furniture, including televisions
- Regular outings into the community (but not including the cost of transport, entry tickets, or purchased food and beverages).

Higher everyday goods and services

- Premium food and beverage items supplied to residents such as barista type coffee, soft drinks.
- Meals prepared using superior quality cuts, choices of meals, or offering dessert at lunch AND dinner, to consistently provide meals of higher quality and variety.
- Electronic wheelchairs and custom-made mobility aids
- Pay TV services, including streaming services
- Out-of-pocket expenses, such as ticket or entry fees, to attend or participate in outings

Existing arrangements

- The current additional service fee (ASF) and extra service fee (ESF) arrangements will no longer be supported after 30 June 2025.
 - No new agreements for an ESF or ASF can be made after this date.
- Existing ASF and ESF agreements will be allowed to continue for a further 12 months from 1 July 2025.
- Providers will be able to use the 12-month period to transition residents onto the new HELF agreements if they wish to continue to receive higher everyday living services.

HELF example

John Smith has been approved to enter aged care.

1. John receives information about an aged care home, including their higher everyday living goods and services.
2. John reviews the information, particularly about what HELF services the facility offers, which helps him choose his preferred facility.
3. John decides to enter his preferred aged care home and signs accommodation agreement.



HELF example

4. John decides that he would like to choose the daily newspaper, subscription tv service and the daily tai chi class.
5. John signs the HELF agreement accepting these options.
6. John has 28 days from when he signs the agreement to decide if he wants the additional services he is receiving.



HELF example

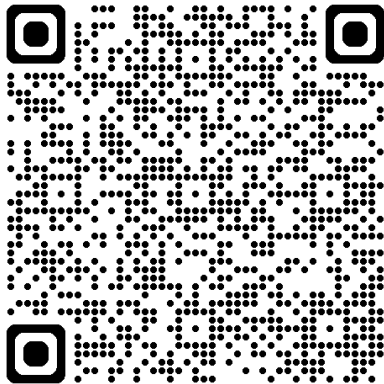
7. Six months later, because John is unable to use tai chi class his provider must let him cancel that service with 28 days notice
8. He can add another service like Barista Coffee at any time but removing a service like the pay TV option can only be done at the annual review
9. After 12 months, John reviews his HELF agreement with his provider.



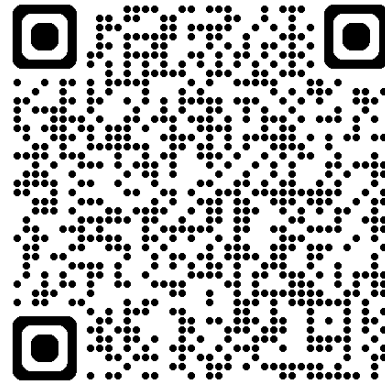
Resources

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

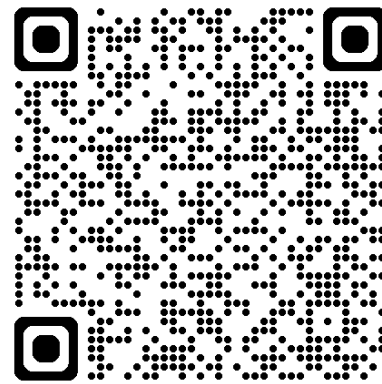
**Response to the Aged
Care Taskforce –
Residential Care
Contributions**



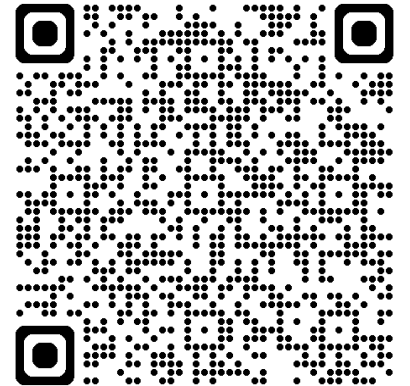
**Higher Everyday Living
Fee fact sheet**



**Response to the Aged
Care Taskforce –
Accommodation
Reform**



**Schedule of Fees
and Charges for
Residential and
Home Care**



Q&A

- We will now answer your pre-submitted questions.





Paula Jones



agedcareengagement.health.gov.au



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