

Reductions in Residential Care Subsidy

Page last updated: 14 January 2019

Compensable residents

If a person receives a compensation entitlement under a judgement, settlement or reimbursement arrangement (such as illness or injury from a workplace or motor vehicle accident or under a common law claim) and is admitted to an aged care service, the service must inform the Department of Health. This can be done by completing the relevant section of the Aged Care Entry Record form.

The department may then apply a compensation payment reduction amount from the day that the resident is admitted. The department will advise the aged care service and the compensable resident of the amount of the compensation payment reduction. The service will be able to invoice the compensable resident for the total amount of the compensation payment reduction in addition to the other relevant resident fees and charges.

If a service does not advise the department that a resident is entitled to compensation and the department later become aware of this, the department will recover the residential care subsidy paid on behalf of the compensable resident for the period where a compensation payment reduction should have applied.

If a compensable resident's claim has not been settled, but the compensation insurer has agreed to pay or contribute to the care costs associated with the injury, a compensation payment reduction can be applied.

For enquiries about compensable care recipients, providers and compensation payers can email Compensation.Enquiries.ACC@health.gov.au.

Extra service reduction

If a continuing care recipient (that is, a care recipient who entered permanent residential care prior to 1 July 2014) is occupying an extra service place then the residential care subsidy is reduced by 25 per cent of the approved extra service fee for that place.

The extra service amount is the maximum amount a provider can charge a continuing care recipient for receiving extra service. It equals the extra service fee plus the extra service reduction.

Example: If the extra service fee for a place is \$20.00 per day, then the Government subsidy for a continuing care recipient receiving care in the extra service place will be reduced by 25 per cent or \$5.00 per day. The \$5.00 per day is the extra service reduction.

The extra service amount is \$25 - i.e. the extra service fee (\$20 per day) plus the extra service reduction (\$5 per day).

A service can charge GST for any item included in the extra service package that is not GST-exempt. This GST may be included in extra service payments agreed between the approved provider and the resident.

Adjusted subsidy reduction

The adjusted subsidy reduction is applicable for residents in an aged care service, or part of a service, that is determined to be an adjusted subsidy aged care service. Since 1 July 2007, only services that are operated by state or territory governments are subject to this subsidy reduction. The ministerial determination lists the aged care services that attract the adjusted subsidy reduction.

Income test subsidy reduction (income tested fee)

The income tested fee for a care recipient who entered residential care **before 1 July 2014** for a particular day is the amount equal to the income test applicable to the care recipient on that day. Section 44-21 of the *Aged Care (Transitional Provisions) Act 1997* sets out how the income test is calculated in the income test reduction calculator.

The Department of Human Services (DHS) calculates the maximum income tested fee based on an assessment of the care recipient's financial information.

The amount of the basic subsidy and primary supplements for residential care that the Government would normally pay to a provider on behalf of the care recipient is reduced by the income tested fee that the care recipient may be asked to pay. The income test reduction is administered by DHS.

There are circumstances under the aged care legislation where the income test reduction is set to zero. These circumstances are outlined in section 44-22 of the *Aged Care (Transitional Provisions) Act 1997* and section 46 of the *Aged Care (Transitional Provisions) Principles 2014*.

More information is available on the income tested fee that applies in residential care, for people who entered care before **1 July 2014**.

Care subsidy reduction (means-tested care fee)

The means-tested care fee for a care recipient who entered residential care **from 1 July 2014** for a particular day is the amount equal to the care subsidy reduction applicable to the care recipient on that day. Section 44-21 of the *Aged Care Act 1997* sets out how the care subsidy reduction is calculated in the care subsidy reduction calculator.

The Department of Human Services (DHS) calculates the maximum means-tested care fee based on an assessment of the care recipient's financial information.

The amount of the basic subsidy and primary supplements for residential care that the Government would normally pay to a provider on behalf of the care recipient is reduced by the means-tested care fee that the care recipient may be asked to pay. The care subsidy reduction is administered by DHS.

There are circumstances under the aged care legislation where the care subsidy reduction (means-tested care fee) is set to zero. These circumstances are outlined in section 44-23 of the *Aged Care Act 1997* and section 39 of the *Subsidy Principles 2014*.

More information is available on the means-tested care fee and the annual and lifetime caps that apply to the means-tested care fee in residential care, for people who entered care **from 1 July 2014**.

This document was released under the Freedom of Information Act 1982 by the Department of Health