New Arrangements for Aged Care from 1 July 2014 – Residential Care

1 October 2022

This fact sheet applies to you if:

* you entered residential aged care before 1 July 2014
* your fees are calculated under the arrangements that were in place prior to 1 July 2014
* you intend to move to a new aged care home.

If you are moving to a new aged care home, you may have the option to have your fees calculated under the fee arrangements that started on 1 July 2014. This fact sheet can help you decide whether to ‘opt in’ to the 1 July 2014 fee arrangements.

# How your fee arrangements are determined

If you exit care for **more than 28 days** (not counting approved leave) before entering your new home, you will become subject to the 1 July 2014 fee arrangements.

If you enter your new home **within 28 days** (not counting approved leave) of exiting your previous home, your fees will continue to be calculated under the arrangements in place on 30 June 2014. You do not need to do anything to make this happen. However, you can also choose to have your fees calculated under the 1 July 2014 fee arrangements. If you opt in to the 1 July 2014 arrangements, you cannot, in future, decide to be covered once more by your existing fee arrangements. If you choose not to opt in, your fees will continue under current arrangements.

# Fees payable under the 1 July 2014 arrangements

From 1 July 2014, residents can be asked to pay the following types of fees.

**Basic daily fee:** Everyone pays this fee. It is set at 85% of the single basic age pension and increases twice a year in line with the age pension. This fee covers living costs such as meals, power and laundry.

**Means tested care fee:** This is an additional contribution towards the cost of care that some people pay. This fee is different for everyone. Services Australia will work out if you need to pay this fee based on an assessment of both your income and assets (means assessment) and will advise you of the amount. The amount you pay also depends on your cost of care. Annual and lifetime caps apply to this fee. The caps are indexed on 20 March and 20 September every year and the amounts that apply are those current at the time you reach them. For current cap amounts see the [Schedule of Fees and Charges for Residential and Home Care](https://www.health.gov.au/resources/publications/schedule-of-fees-and-charges-for-residential-and-home-care) on the Department’s website.

**Accommodation costs:** You need to agree on a room price with your provider before moving into your new aged care home, but how much you pay will depend on your means assessment. If you are eligible for assistance, the Government will pay some or all of your accommodation costs to your provider, and you may be asked to pay an accommodation contribution. If you are not eligible for assistance, you will need to pay the room price you agreed with your provider as an accommodation payment. Services Australia will advise you which applies to you based on your means assessment.

Aged care homes must publish their maximum room prices in the [Find a provider](https://www.myagedcare.gov.au/find-a-provider/) tool at myagedcare.gov.au. You can negotiate a lower price.

You can choose to pay your accommodation costs as:

* a lump sum amount that is refunded when you leave care, less any fees that you agree to draw down from it, or
* a rental payment which is not refunded when you leave care, or
* any combination of lump sum and daily payment.

**Additional service fees:** Many aged care homes offer additional services above those required by legislation that you can buy for a fee. These can be offered as individual services or a bundle of services. You and your provider must agree on a fee before you start receiving them. Your provider can only charge you for additional services that you can make use of or benefit from.

**Extra service fee:** If you agree to enter an extra service room, your provider can charge you an extra service fee. This fee pays for a bundle of extra hotel-type services, such as higher quality linen and specialised menus. You must pay this fee whether you use all the services or not.

# Your fees may change under the 1 July 2014 arrangements

Opting in to the 1 July 2014 arrangements may result in a change to the fees you pay.

The 1 July 2014 means assessment considers both income and assets in assessing your capacity to contribute to the cost of your care and accommodation. Your income and assets will determine both your means tested care fee and your eligibility for assistance with accommodation costs. Under the pre-1 July 2014 fee arrangements your income tested fee was based on income only and your eligibility for assistance with accommodation costs was based on assets only.

Under the 1 July 2014 fee arrangements, annual and lifetime caps apply to the means tested care fee. The lifetime cap covers both means tested care fees in residential care and income tested care fees in home care. Annual and lifetime caps do not apply to the pre-1 July 2014 income tested fee, though a maximum daily income tested fee applies. This maximum fee is listed in the [Schedule of Fees and Charges for Pre-1 July 2014 Care Recipients](https://www.health.gov.au/resources/publications/schedule-of-fees-and-charges-for-pre-1-july-2014-residential-and-home-care-recipients).

Under the 1 July 2014 fee arrangements, your contribution towards your accommodation costs is only capped if you are eligible for Government assistance. Under the pre-1 July 2014 arrangements, residents had their contribution towards their accommodation capped based on both their type of care (high care, low care) and their asset assessment.

# How to ‘opt in’ to the 1 July 2014 fee arrangements

To opt in to the 1 July 2014 fee arrangements, complete an ‘opt in’ form and give it to your new provider before you move into the new aged care home. Your new provider can give you a copy of this form, or you can find it on the [Services Australia](https://www.servicesaustralia.gov.au/ac022) website.

If you opt in, you will need to have your income and assets assessed by Services Australia to determine your eligibility for Government assistance with your accommodation costs and care fees. If you choose not to complete an assessment you will be asked to pay the full cost of your care and will receive no assistance with your accommodation costs. You will be required to pay the accommodation price you agreed with your provider.

# Further information

You can find more information about the 1 July 2014 fee arrangements on the [My Aged Care website](https://www.myagedcare.gov.au/aged-care-home-costs-and-fees). In addition, the My Aged Care [Fee Estimator](https://www.myagedcare.gov.au/how-much-will-i-pay) provides an indication of the fees you may be asked to pay based on information you enter. This will be an estimate only – your actual fees are based on the assessment of your income and assets by Services Australia.

For information about aged care services, visit myagedcare.gov.au or call **1800 200 422**.

# Financial advice

Financial advice may be of assistance when considering whether to opt in to the 1 July 2014 arrangements. For information visit the My Aged Care [Financial support and advice](https://www.myagedcare.gov.au/financial-support-and-advice) page.