

## How much do Nursing Homes Cost? Mallaquito Residential Aged Care

By Linda Bruce (CHIRF)

With 80 residents over 85 years old in the Mallaquito district (Mallaquito, Genoa, Wallagaraugh and Cann River) and according to the Australian Bureau of Statistics, 500 people over 60 years, it is timely to understand how much people can expect to pay if they need to go to a Nursing Home, also known as a Residential Aged Care Facility (RACF).

The amount you will pay for an aged care home depends on the sum of the four following items.

- 1) Basic Daily Fee
- 2) Accommodation Contribution Payment
- 3) A Means Tested fee
- 4) Extra Services Fee

**1) The Basic Daily Fee:** The first Basic Daily fee pays for your meals, cleaning of your room and the home, laundry, heating and cooling, some personal care, assistance with daily living such as dressing and showering, and some medical and pharmaceutical services.

The maximum fee for this service for a permanent resident of an aged care home has been set by the Government at 85 percent of the annual single basic Age Pension. Currently (from 20 March 2018) the single Basic Age Pension is \$826.20.00 per fortnight, plus Pension supplement \$67.30 plus Energy supplement \$14.10 Total \$907.60.

85 % of \$826.20 per fortnight, results in a Basic Fee of \$50.16 a day, \$351.12 a week, or \$702.20 per fortnight.

Complicating this, Australia wide the government funds 15% of Nursing Home Beds and there is a waiting list for these. However remote locations such as Eden, can apply for a higher quota of Government funded beds.

**2) The Accommodation fee.** The accommodation fee is the second of three extra fees, that are added to the Basic Care (Food/cleaning/assistance) Fee. The accommodation fee is set by the government and calculated by Centrelink. If, apart from owning your home, you have less than \$47,500 in assets or annual income then you won't have to pay any more than 85% of your pension.

If you have or receive more than \$47,500 in assets and annual income, you will be asked to pay an accommodation contribution payment as well as the Basic Fee. This is added to the basic daily fee of \$49.42, which is \$18,038 a year (85% of the Aged Care Pension). Your contribution may change as your income and assets go up and down depending on the share market, and property prices and bank deposits change.

85% of residents pay a Refundable Deposit for the room and home they live in. These are often \$350,000 or more depending on the room. Opal Care Lakes Entrance charges a RAD of \$340,000 for a Standard room and \$425,000 for a Superior room.

**If you are required to pay an Accommodation fee, you can pay in three different ways.**

**Payment option #1** - A single payment (which is mostly refundable to you or your estate when you leave the home) called a Refundable Accommodation Payment (RAD). This is similar to an interest-

free loan. The balance of the deposit is guaranteed to be refunded when you leave the home after the amounts which have been used to pay for agreed services have been deducted. The normal deposit for a Nursing Home room is \$350,000. When people pay such a deposit, they then may only pay an additional such as \$11 a night from their pensions. This extra payment needs to be discussed with the Nursing home, because all are different

The homes use the Bond money to invest and keep the interest from the money to help pay expenses. The bond money is refunded when the tenant departs, but the interest that the Bond Money earns helps pay the costs of the service.

**Payment option #2** – is a rental-style payment calculated on a per day basis (but it is not refundable) called a Daily Accommodation Payment (DAP). In this option you pay an amount (most often monthly) for your accommodation, which is calculated based on a daily rate. These payments are not refunded when you leave the home.

**Payment option #3** - A combination of a single payment (RAD) and rental-style payments (DAP). You may choose to pay a smaller RAD and a larger DAP or the other way around. This really depends on your personal circumstances. Remember though that the way you pay the fees and charges should be agreed upon before you move into an aged care residence, although you still have up to 28 days after admission to change your choice of payment.

**3)The third Fee is a Means Tested Fee:** As well as the Basic Fee and the Accommodation Fee, the Government adds another Means Tested fee. The means test looks at your financial assets and your income to determine how much you can contribute to the cost of your care. There is a price cap on this fee, which at the moment is \$26,566.54.

Your contribution may change as your income and assets go up and down depending on the share market, and property prices and bank deposits change.

In July 2018, the default fee for people who have not paid a Refundable Accommodation Deposit (RAD), and have not had a Centrelink assessment completed, in a basic room in BUPA Eden is \$150.00 per night plus the \$50.16 basic care fee, which totals \$200.16 a night (\$1401.12 a week).

However BUPA Eden say that most people choose for BUPA to calculate their contribution by using the Myagedcare calculator. (Link given below) which results in most people paying less than the default fee. These fees are fairly uniform across Nursing Homes.

**4). The 4<sup>th</sup> fee is an Extra Services Fee:** As well as the Basic Fee and if Centrelink decides you can contribute to your accommodation, an Accommodation fee and another Means Tested Fee, an Extra Services Fee can be added. This price is set between you as the client and the Aged Care facility. Some aged care homes are specifically designed for people who are able to pay for a higher level of luxury, so if you choose to move into one of these then an extra services fee may apply. Extra services might include a very plush large room or services such as bedside phone, easy access to the internet, newspapers, special therapies or special beverages like wine and spirits.

GST is also added to these fees.

**Difficulties paying your accommodation fees:** If you are unable to pay for care because of financial difficulties, you can apply for financial hardship assistance from the government. If your application is successful, the government will lower your accommodation costs.

**Respite care:** If you're looking for a temporary stay in a nursing home then you'll only need to pay a fee for the days you'll be staying, just like a hotel. This fee is the same as the basic daily fee paid by permanent residents. 85% of the Aged Care pension, that being \$351.12 a week, or \$702.20 per fortnight. Respite bookings are usually for a week or multiples of a week.

Many older people are eligible for a My Aged Care Package that affords them nine weeks Residential Respite, for 85% of their Pension. Some people use this in between hospital and home when they still need 24 hour care. Other people take one- three weeks residential respite every three-four months to give their carers a rest.

It is very important for you to know how much a place is going to cost, before you sign a contract to permanently enter a Nursing Home. If you move in, you can change your mind and usually with a week's notice, move out. But if you move out, and do not continue to pay rent, you will lose your place and may have to wait for another place if you wish to return.

Before you or your relative goes into a Nursing Home it is important to ask for the contract and the costs in advance and read the contract carefully. I have read incidents where the contract specified that the deceased person's relatives would continue to pay for the service until the room was rented by someone else. If you see any clause you do not like, cross it out! And refuse to sign until the contract is changed, or find another Nursing home. If you are not certain about what the contract means, ask a lawyer to explain it to you.

Many organizations that run Nursing Homes (RACF) depend on providing Home care Packages as well as Residential Aged Beds, because profit from these packages helps the Nursing Homes remain viable.

We need Nursing Homes that provide 24 hour care. However, forewarned is fore-armed.

To calculate how much a Nursing Home is likely to cost you, go to

<https://www.agedcareguide.com.au/information/nursing-home-costs>

Good luck.

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