



Australian Government

Department of Social Services



myagedcare

Reforming the aged care system

Financial changes to home care packages

Information for older Australians

Our aged care system is world class, and the Australian Government currently spends more than \$14 billion a year on aged care. Over 1.1 million people receive some form of aged care services each year, with three quarters of them receiving their services at home.

People are living longer thanks to better health and better health care. This means that fundamental changes are needed to ensure the system is sustainable, affordable, encourages businesses to invest and grow, and above all, offers choice and puts control back into the hands of consumers.

Over the next few years there will be changes to how aged care services are paid for and delivered so we have a sustainable system now and into the future.

This information is only for people entering care on or after 1 July 2014. People already in care will continue with their current financial arrangements.

Future improvements – movement towards Consumer Directed Care (CDC)

Your aged care should be directed by the person who knows you best – you! From 1 August 2013, all new Home Care Packages have been delivered on a consumer directed care basis. From 1 July 2015, all packages, including existing packages, will be consumer directed. Moving towards consumer directed care is a big part of the changes we're making to the aged care system.

This means you can choose and control the services you get. You can also see how much is being spent on the services you are receiving.

Is the cost of a home care package changing?

Currently, people may be asked to pay a basic daily fee and income-tested care fee for their Home Care Package. The basic care fee is up to 17.5% of the single full rate pension

From 1 July 2014, the rules for income-tested care fees are being strengthened so that people who have the financial capacity to pay will be asked to contribute to the costs of their care. Your income will determine the income-tested care fee you may be asked to pay if you enter care on or after 1 July 2014.

You can call My Aged Care on **1800 200 422** to help you estimate the fees and charges you may have to pay towards your Home Care Package. Before you call you should have your financial information ready, especially details of your various forms of income.

There are annual and lifetime caps in place to limit any income-tested care fees you may be asked to pay.

Costs for Home Care Packages

If you take up a Home Care Package after 1 July 2014, your service provider may ask you to pay one or both of the following:

- a basic daily fee, equivalent to 17.5% of the single basic aged pension
- an income-tested care fee if your income is over \$24,731.

Basic daily fee

Everyone taking up a Home Care Package can be asked by their service provider to pay the basic daily fee.

The maximum basic daily fee is 17.5% of the single person rate of the basic age pension. This works out to be \$133.98 per person, per fortnight (from 20 March 2014 to 19 September 2014).

This rate increases on 20 March and 20 September each year in line with changes to the Age Pension. This applies to each person receiving a Home Care Package, even if you are a member of a couple.

Income-tested care fee

Depending on your income, you may be asked by your service provider to contribute more to the cost of your care. This extra amount is known as an 'income-tested care fee'.

You cannot be asked to pay an income-tested care fee if you have a yearly income below the following:

- individual person – \$24,731.20
- member of a couple but now separated due to illness (individual income) – \$24,263.20
- member of a couple living together (combined income) – \$38,344.80.

Department of Human Services (Centrelink) works out the income-tested care fee based on an assessment of your financial information. The assessment does not include the value of your home or any other assets.

Caps on care fees

There is a limit to how much you have to pay in income tested care fees. For part pensioners, this is \$5,000 per year. For self-funded retirees, this is \$10,000 per year. Once you have reached this, the Australian Government will pay your share of the fees to the provider.

There is a \$60,000 lifetime limit on income tested care fees you have to pay. Once you have reached this cap you will not have to pay any further income or means tested care fees during your lifetime.

How do I work out what costs I may be asked to pay?

You can call My Aged Care on **1800 200 422** or visit the [My Aged Care website](#) to help you estimate the fees and charges you may have to pay towards your Home Care Package. Before you call you should have your financial information ready, especially details of your various forms of income. This will be an estimate of your fees and charges. An actual assessment will be undertaken by Centrelink when you enter care.

Financial advice

You may want to consult with a financial adviser about your finances. There are various government services and resources that can help you obtain appropriate financial advice. It's a good idea to do some research to see what options work best for you.

Are there any provisions for financial hardship?

If you believe you will face financial hardship in paying your aged care costs, you can ask to be considered for financial hardship assistance. If you apply for financial hardship assistance, the value of your assets will be taken into account as part of the application process.

You can apply for financial hardship assistance if you believe you will have financial difficulty contributing to the cost of your Home Care Package. You will never be denied the care that you need because you cannot afford to pay.

Further information

For further information about aged care services and the reforms, visit the [My Aged Care website](#) or call **1800 200 422**.