Residential Aged Care

Frequently Asked Questions

How does the ‘Waiting List’ work?

You can put in an application to be on our waiting list at any time. It is a list of those who have requested they be considered when a vacancy arises at LHI’s facilities. It must be noted that the waiting list does not operate on a ‘first in, first served’ basis.

Very often, people are offered a vacancy on the basis of their need, care requirements and suitability for the particular facility. It is not uncommon for some respite residents to request to continue to be maintained on our waiting list for both respite and permanent care after they have been discharged.

What is a Refundable Accommodation Deposit? [RAD]

A Refundable Accommodation Deposit is a lump sum amount paid or payable by a resident for entry to residential care. The balance of the Refundable Accommodation Deposit (after any agreed deductions have been drawn down) will be refunded to the resident or their estate on termination of the agreement for residential services.

What is a Daily Accommodation Payment? [DAP]

A Daily Accommodation Payment is an amount calculated by converting the Refundable Accommodation Deposit into a daily charge using the Maximum Permissible Interest Rate (MPIR) applicable at the time of admission.

How is the Refundable Accommodation Deposit amount determined?

The amount of the Refundable Accommodation Deposit is set for each type of accommodation that LHI offers. Information on accommodation types, key features of the accommodation and the Refundable Accommodation Deposit amount are available to view on the My Aged Care website as well as LHI’s website. The amount that a resident pays as a Refundable Accommodation Deposit is included in the new means tested care fee calculation.
Does LHI keep any money from the Refundable Accommodation Deposit?

If the full RAD amount is paid then usually there are no deductions from the refundable value of the accommodation deposit while the resident is in care. Residents who choose a combination of RAD and DAP may elect to have all/part of the Daily Accommodation Payment deducted from the refundable balance of the accommodation deposit.

Are there minimum assets a resident must be left with?

Residents cannot be charged a Refundable Accommodation Deposit that would leave them with less than the permissible asset value of 2.5 times the annual pension which is currently $45,000.

What about a Fully Supported or Partially Supported resident?

A fully supported resident will not be asked to pay an accommodation payment because they have assets and income less than the defined thresholds. He/she will also not be required to pay any means tested care fee. A partially supported resident will be required to pay a contribution to accommodation, but no means tested care fee would apply.

Will I be able to accept an aged care place if I don’t have any money?

Aged Care providers are required to provide a certain number of beds for residents who have limited financial means. The ratio of beds to be provided is prescribed by the Federal Government and depends on the location of the facility. Depending on your level of assets and income, part or all of your accommodation costs may be met by the Government.

How long does a new resident have to decide on an accommodation payment method?

The accommodation price is agreed upon entry into a facility. The resident has up to 28 days after admission to decide on a payment method, be it a RAD, DAP, or combination. This decision must be made in writing. If a decision is not reached by the resident within the 28 days, the default option for payment will be a full DAP.

How long does a new resident have to pay the Refundable Accommodation Deposit (RAD)?

A resident has six months from the date of entry to pay the RAD. Please note a DAP will continue to be payable by the resident in the meantime until the RAD is paid.
What are my payment options for accommodation payments?

Accommodation payments can be paid as lump sum amounts, by daily payment or a combination of both. Where accommodation payments are paid by a combination of RAD and DAP, the amount and frequency of the payment will be advised in the offer of care and is determined in conjunction with the resident. Amounts paid as Daily Accommodation Payments are non-refundable.

When is Refundable Accommodation Deposit (RAD) returned?

The Refundable Accommodation Payment balance is repaid in accordance with the criteria outlined in the signed Resident Agreement. This is typically within 14 days after LHI ceases to provide care to you and includes any applicable interest on the outstanding Refundable Accommodation Payment balance calculated for the period from the day of ceasing care until the date on which the balance is refunded.

I am an existing resident in an aged care facility and entered care prior to 1 July 2014. What do all the new legislative changes and reforms mean for me?

Grandfathering provisions apply for individuals who enter care prior to 1 July 2014. Existing residents will continue to pay accommodation and care costs based on the current system. However, if a resident leaves care for 28 days and returns to care, they will be subject to the new pricing arrangements. A resident will also be given the option to change to the new system if they move to a new aged care service.

What does the removal of the distinction between high and low care means?

The legislation has been amended to remove the distinction between care recipients approved for low or high level residential care. Care recipients will continue to be assessed on their needs; however, the approval will not distinguish whether the person requires a low or high level of residential care. The implications of this change include:

- Residents will be able to access the level of care that they need at their time of entry into residential care rather than being limited by their approval.
- More accommodation payment options available to residents regardless of whether they require a low or high level of care.

What are ‘Extra Services’?

Extra Services are an option available to residents of some aged care facilities whereby they are offered a higher standard of accommodation, food and services for an additional charge. However, the term ‘Extra Service’ only refers to the standard of accommodation, meals, food and entertainment and not to the level of care. LHI’s Extra Services facility is situated at Hope Valley.
What are the available Accommodation Payment options? How does the combination payment with drawdown work?

Residents will be able to choose to pay for their cost of accommodation through, one of the options listed below:

**Option 1 – Refundable Accommodation Deposit or RAD**

A RAD is essentially an interest free loan from the Resident to the provider, refunded after the resident leaves the facility.

Choosing a full lump sum RAD, is electing to pay the full price set for the accommodation as a lump sum.

For example: Bill enters into care and has been asked to pay $485,000 for a room in an aged care facility [His Accommodation Payment]. Based on his individual circumstances, he elects to pay the entire $485,000 as a lump sum.

**Option 2 – Daily Accommodation Payment or DAP**

The DAP is calculated from the RAD at a government set interest rate [MPIR], which at 1 July 2014 was 6.69%.

In this example, Bill instead decides to pay his Accommodation Payment as an equivalent DAP which would be $88.89 per day. ($485,000 X 6.69% / 365 = $88.89).

**Option 3 – A combination RAD & DAP.**

This is determining an amount payable by way of RAD and the remainder payable by DAP.

In this example, Bill instead decides to pay for his $485,000 full priced room, with $205,000 as an upfront lump sum (RAD) and then converts the remaining $280,000 to a DAP, which in this case would equate to $51.32 per day. ($280,000 X 6.69% / 365 = $51.32)

Upon leaving the facility, Bill will have the RAD balance of $205,000 refunded to him (or his estate, less any charges outstanding).

**Option 4 – A combination RAD & DAP with drawdowns.**

In addition to choosing to pay by way of a combination of RAD and DAP, residents may further elect to have their DAP drawn down from their lump sum RAD on a monthly basis.
In this example, Bill provides a $205,000 RAD and pays the remaining $280,000 as a DAP of $51.32. However, rather than physically pay the DAP each month, Bill elects to have the DAP drawn down from the existing RAD held by the aged care organisation.

This means each month, an entry is made against the outstanding RAD balance for the amount owing from the DAP; i.e. For a 30-day month, DAP = $1,539.60 (30 X $51.32)

Therefore, after the first month, the existing RAD now totals $203,460.40 ($205,000 - $1,539.60).

However, due to the diminishing balance of the RAD as a result of the DAP being drawdown from the RAD, the DAP will increase each month relative to ensuring the total agreed market price is continuing to be paid by Bill.

In the example above, after the first month the calculation of the DAP will be as follows:

$485,000 (Room Price) - $203,460.40 (RAD held) = $281,539.60 (new base for calculating DAP payable). Interest would be adjusted for the next month $281,539.60 x 6.69% / 365 x 30 = $1548.08

**How can I find out my Means Tested Care Fee (MTCF)?**

A Residential Care Fee Estimator tool is available online at the My Aged Care website to provide an indication of the fees you may pay.