

Frequently Asked Questions



What are the costs involved in Residential Care?

A basic daily fee, which everyone will be asked to pay. This covers living costs such as meals, power and laundry. Everyone moving into Residential Care will be asked to pay this fee.

Means-tested care fee, worked out by the Department of Human Services. This is a contribution towards the cost of your care. The Department of Human Services will work out if you need to pay this fee based on an assessment of your income and assets, and tell you the amount.

Accommodation costs. Some people will have their accommodation costs paid in full or in part by the Australian Government, while others will need to pay the accommodation price agreed with the Residential Care facility. The Department of Human Services will tell you which applies to you based on an assessment of your income and assets.

Fees for extra and additional services. You may have to pay extra if you choose a higher standard of accommodation or extra services. We can give you details of these services and the fees that apply. You may have to pay additional fees for other care or services that are above your assessed care needs or the care and services we are required to provide you.

How does the 'Waiting List' work at Lutheran Homes Group?

As long as you have a current assessment approval from an Aged Care Assessment Team (ACAT), you are welcome to submit an application to be on our waiting list at any time. Once you are included on our waiting list, we will contact you when we have suitable accommodation available. Please note that we consider a number of factors, including care needs, when assessing applications.

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 RAD (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 (RAD) amount determined?

The amount of the RAD is set for each type of accommodation that we offer. At LHG information about our accommodation types, key features of the accommodation as well as the RAD amount, are available to view on the My Aged Care website as well as our website (lutheranhomes.com.au). The amount that you will be asked to pay as a RAD, is included in the new means-tested care fee calculation.

Does Lutheran Homes Group keep any money from the Refundable Accommodation Deposit (RAD)?

If you pay the full RAD amount, then usually, there are no deductions from the refundable value of the accommodation deposit. Those 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 RAD.

Are there minimum assets that I must be left with?

You cannot be charged a RAD that would leave you with less than the permissible asset value of 2.5 times the annual single pension, which is currently \$61,500.

The requirement for a person to be left with the minimum amount of net assets only applies if you pay or commit to paying, the lump sum amount within 28 days of entry and have supplied sufficient information to us to determine your means. This may entail completing a means test assessment with the DHS or DVA. If you refuse to provide information about your assets, we are not required to meet the minimum permissible asset rule. An additional payment made after 28 days is not subject to the minimum permissible asset rule.

What if I am a 'Fully Supported' or 'Partially Supported' pensioner?

If you are fully supported, you will not be asked to pay an accommodation payment because you will have assets and income less than the defined thresholds. You will also not be required to pay any means-tested care fee. If you are partially supported, you will be required to pay a contribution for your accommodation, but no means tested care fee would apply.

Will I be able to accept Residential Care accommodation if I don't have any money?

Residential Care providers are required to allocate a percentage of their accommodation to those who have limited financial means. The percentage amount is prescribed by the Federal Government and depends on the location of the facility. According to your level of assets and income, part, or all, of your accommodation costs may be paid by the Government.

How long do I have to pay the Refundable Accommodation Deposit (RAD)?

You will have six months, from the date of entry, to pay the RAD. Please note that a DAP will continue to be payable 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 payment is paid by a combination of the RAD and DAP, the amount and frequency of the payment, will be advised in the accommodation offer and is determined in consultation with you. Amounts paid as Daily Accommodation Payments are non-refundable.

When is the Refundable Accommodation Deposit (RAD) returned?

The Refundable Accommodation Deposit balance is repaid in accordance with the criteria outlined in your signed Residence Agreement, (typically within 14 days after you vacate LHG or on the receipt of the probate). The repayment due includes any applicable interest on the outstanding Refundable Accommodation Deposit balance, calculated for the period from the day you vacate, until the date on which the balance is refunded.

If I am an existing resident in Residential 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 everyone who entered a Residential Care facility prior to 1 July 2014. You will continue to pay accommodation and care costs based on the current system. However, if you leave the Care Facility for 28 days and then return, you will be subject to the new pricing arrangements. You will also be given the option to change to the new system if you move to a new Residential Care facility.



What are the available Accommodation Payment options, and how does the combination payment with draw down work?

You will be able to choose to pay for your accommodation through, one of the options listed below:

Option 1: Refundable Accommodation Deposit or RAD

A RAD is essentially an interest-free loan from you to the provider, refunded after you leave 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 \$400,000 for a room in facility Residential Care Facility [his Accommodation Payment]. Based on his individual circumstances, he elects to pay the entire \$400,000 as a lump sum.

Option 2: Daily Accommodation Payment or DAP*

The DAP is calculated from the RAD at a government set Maximum Permissible interest rate [MPIR], which from 1st January 2025 is 8.42%.

In this example, Bill instead decides to pay his Accommodation Payment as an equivalent DAP which would be \$92.27 per day. ($\$400,000 \times 8.42\% / 365 = \92.27).

Option 3: A combination RAD & DAP*

This payment type consists of part RAD with the remainder payable by DAP.

In this example, Bill instead decides to pay for his \$400,000 full priced room, with \$200,000 as an upfront lump sum (RAD) and then converts the remaining \$200,000 to a DAP, which in this case would equate to \$46.13 per day. ($\$200,000 \times 8.42\% / 365 = \46.13).

Upon leaving the facility, Bill will have the RAD balance of \$200,000 refunded to him (or his estate, less any outstanding charges).

Option 4: A combination RAD & DAP with draw downs*

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 (deducted) from their lump sum RAD each month.

In this example, Bill provides a \$200,000 RAD and pays the remaining \$200,000 as a DAP of \$46.13/day. However, rather than physically pay the DAP each month, Bill elects to have the DAP drawn down from the existing RAD, held by the residential care organisation.

This means that, 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, the DAP = \$1,383.90 ($30 \times \46.13).

Therefore, after the first month, the existing RAD now totals \$198,616.10 ($\$200,000 - \$1,383.90$).

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.

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

$\$400,000$ (Room Price) - $\$198,616.10$ (RAD held) = $\$201,383.90$ (new base for calculating DAP payable). Interest would be adjusted for the next month $\$201,383.90 \times 8.42\% / 365 \times 30 = \$1,393.68$.

**Please note that if you decide to pay less than a certain percentage of the Accommodation Payment fixed by LHG by way of RAD/RAC [lump sum], you will be required to guarantee the payment of that amount by signing a Guarantee Deed.*

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

A Residential Care Fee Estimator tool is available online on the My Aged Care website. It provides an indication of the fees you may pay.

Please visit myagedcare.gov.au ↗

Can I refuse to have my means assessed by Centrelink?

Yes you can. If you refuse to have your income and assets assessed, you will not be eligible for government assistance to pay your fee and accommodation costs. Centrelink will write to you seeking income and asset information. If information is not provided, you can be asked to pay the maximum means-tested care fees, based on the cost of your care, as well as an accommodation payment (agreed with the Residential Care facility).

Am I required to complete a new income and assets assessment if I move to a new Residential Care Facility?

If you first entered a Residential Care facility on or after 1 July 2014, you must have a new means-tested amount determined each time you move to a new Residential Care Facility (as identified by a separate RACS ID). A previous assessment will not be valid unless it is within the initial 120 days validity period. However, if you have kept the Department of Human Services (DHS) informed of changes to your means, you may not need to complete the Residential Aged Care Calculation of your cost of your care (SA475) form, or Residential Aged Care property details for Centrelink and DVA customers (SA485). If unsure, you should speak to Services Australia on 1800 227 475. It is your means-tested amount, at the date of entry into a facility, that determines whether you will be liable to pay an accommodation payment or accommodation contribution towards your accommodation costs in that facility, as outlined under the Aged Care Act 1997. If you were in care before 1 July 2014, are moving to a new facility and considering opting into the new fee arrangements, you will need to complete Residential Aged Care Calculation of your cost of your care (SA457).

servicesaustralia.gov.au/sa486 ↗

Can I have a means assessment before entering Residential Care?

Yes you can. To request an assessment prior to entering Residential Care, you will need to complete and lodge the Residential Aged Care Calculation of your cost of your care (SA457) form. The form is available on the Department of Human Services website. The Department of Human Services will issue an initial fee notification advice which is valid for 120 days. If there is a change in your circumstances after the fee advice has been issued, the Department of Human Services (or Department of Veterans' Affairs) will need to be notified and provided with updated information.

Mode of payment for the payment of the fees

LHG has a policy that **all of the Fees and Charges** (e.g. Basic Daily Fee, MTCF, DAP/DAC, medications, hairdresser's charges, other extras etc) must be paid by Direct Debit from your nominated bank account. You will be asked to complete the **Direct Debit Request Service Agreement** before your admission.

How can My Aged Care help me?

My Aged Care is designed to make it easier for older people, their families, and carers to access Residential Care information, have their needs assessed, and be supported to access aged care services. You can contact My Aged Care via the My Aged Care website (myagedcare.gov.au) or calling My Aged Care contact centre on 1800 200 422.

If you are seeking access to services for the first time, you will need to contact the My Aged Care contact centre. My Aged Care contact centre staff will:

- **Discuss your aged care needs and determine the appropriate next steps for you**
 - This may involve providing you with information about aged care or referring you for either a home support assessment conducted by the Regional Assessment Service (RAS) or a comprehensive assessment conducted by an existing Aged Care Assessment Team (ACAT); and

- Create a client record for you
 - The client record will enable appropriate sharing of your information with you, your representatives, assessors and service providers. You will be asked for your permission to share your client record, which will decrease the number of times you have to repeat your information.

If you are referred to a RAS, they will contact you to arrange the assessment. During the home support assessment, the RAS assessor will work with you to develop a support plan that reflects your care needs, goals and preferences. The support plan forms part of your client record, which can be viewed online via the My Aged Care client portal.

The outcome of your home support assessment may include referral to **Commonwealth Home Support Programme** services, such as transport, social support, domestic assistance, personal care, home maintenance, meals, home modification, nursing care and flexible respite services.

What happens if I am currently receiving aged care services?

If you are currently receiving aged care services, you do not need to contact My Aged Care. If your needs change and you want to consider different or additional services, you can contact My Aged Care to receive a referral to the RAS or an Aged Care Assessment Team.

More information is available online at myagedcare.gov.au or via phone on 1800 200 422.