

The means tested amount is required to determine a resident's liability to pay an accommodation payment, accommodation contribution (and amount), means tested care fee (and amount) and eligibility for an accommodation supplement.

Centrelink/DVA will undertake income and asset assessments for the purpose of determining a resident's means tested amount

The means tested amount (MTA) =

the income tested amount plus the asset tested amount.

The Income Tested Amount

Where the resident's total assessable income is:

- below or equal to the total assessable income free area (currently \$25,118.60 for single person), the income tested amount is zero;
- above the total assessable income free area, the income tested amount is 50% of the amount that exceeds the total assessable income free area divided by 364.

Eg single resident has annual income of \$30,118.60

$$\$30,118.60 - \$25,118.60 = \$5,000$$

$$\$5,000 \text{ divided by } 2 \text{ (50\%)} = \$2,500$$

$$\$2,500 \text{ divided by } 364 = \$6.87 \text{ per day}$$

Hence ITA = \$6.87 per day

The Asset Tested Amount

Where a resident's total assessable assets:

- do not exceed the asset free area (currently \$45,500), the asset tested amount is \$0;
- exceed the asset free area but not the first asset threshold (currently anticipated amount \$155,823.20) – the asset tested amount is 17.5% of amount above the asset free area);
- exceed the first asset threshold but not the second threshold (currently \$376,469.60) – the asset tested amount is 1% of the excess plus 17.5% of the difference between the asset free area and the first asset threshold;
- exceed the 2nd asset threshold – the asset tested amount is 2% of the excess plus 1% of the difference between the 1st and 2nd asset thresholds plus 17.5% of the difference between the asset free area and the first asset threshold.

The per day asset tested amount is the asset tested amount divided by 364.

ATA example – resident with total assets of \$400,000

- Assets less than asset free threshold, currently \$45,500 = nil
- Assets between asset free threshold and first asset threshold
 $\$155,823.20 - \$45,500 = \$110,323.20 \times 17.5\% = \$19,306.56$
- Assets between the first and second asset thresholds
 $\$376,469.60 - \$155,823.20 = \$220,646.40 \times 1\% = \$2,206.46$
- Assets above second asset threshold
 $\$400,000 - \$376,469.60 = \$23,530.40 \times 2\% = \470.61

$ATA = \$19,306.56 + \$2,206.46 + \$470.61 = \$21,983.63$

$\$21,983.63$ divided by 364 = \$60.40 per day

Hence ATA = \$60.40 per day

Example (continued) of resident with \$400,000 assets and annual income of \$30,118.60

ITA = \$6.87 per day

ATA = \$60.40 per day

Hence MTA = \$67.27 per day

Maximum Accommodation Supplement = \$53.04 per day

Upon admission to permanent residential care this resident would:

- Be liable to pay an accommodation payment as MTA greater than or equal to maximum accommodation supplement;
- Would not pay an accommodation contribution (MTA must be less than maximum accommodation supplement and more than zero);
- Would pay a MTCF of \$14.23 per day (difference between MTA and maximum accommodation supplement); and
- The approved provider would not be eligible to receive the means tested accommodation supplement.

Example of resident on full pension and assets of home exemption cap only (ie \$155,823.20)

ITA = nil (as full pension less than the income free area.

$$\begin{aligned} \text{ATA} &= (\$155,823.20 - \$45,500) \times 17.5\% \text{ divided by } 364 \\ &= \$110,323.20 \times 17.5\% \text{ divided by } 364 \\ &= \$53.04 \end{aligned}$$

Hence MTA = ITA + ATA = \$53.04

This resident would be:

- Liable to pay an accommodation payment
- Would not pay a MTCTF as amount is less than \$1 per day;
- The approved provider would not receive the means tested accommodation supplement.

Department of Human Services/DVA asset and income assessment advice.

Unfortunately does not provide the means tested amount (MTA).

Does provide

- period the letter is valid;
- whether the resident is liable for an accommodation payment; OR
- whether or accommodation contribution applies and the amount;
- does not state whether the resident is a low-means care recipient (required for the AP to receive an accommodation supplement), rather states that the Commonwealth will pay for their accommodation costs either in part (hence accommodation contribution applies) or full (which means resident is a full low-means care recipient);
- whether the resident is to pay a means tested care fee and the amount.

Does not provide the resident's asset tested amount (for the purpose of calculating the maximum refundable deposit amount).

Resident's total assets for the purpose of a refundable deposit (refer section 52J-5 of the Aged Care Act 1997).

Where DVA/Department of Human Services MTA advice letter indicates value of the home is less than the home exemption cap, then the asset amount stated in the letter is the amount to be used for the purpose of ensuring the resident is left with the minimum permissible asset level (MPAL – currently \$45,500) when calculating the RAD or RAC.

Where DVA/Department of Human Services MTA advice letter indicates value of the home is equal to or greater than the home exemption cap, then the balance of the full value of the resident's home plus the asset amount stated in the letter is the amount to be used for the purpose of ensuring the resident is left with the MPAL when calculating the RAD or RAC.

The resident must be left with the MPAL only where they have lodged the income and asset assessment and advise the approved provider that their preferred payment method is a refundable deposit within 28 days after admission.

Preferred payment method for accommodation payment or accommodation contribution.

Department of Social Services newsletter (Information for Aged Care Providers Issue 4) recently advised residents' may not advise of their preferred payment method prior to admission to permanent care, even where the resident so elects.

Apparently DSS base this position on section 52F-4 of the Aged Care Act 1997 which states:

“The approved provider must not require the person to choose how to make an accommodation payment or accommodation contribution before the person enters the service.”

In my view this section does not preclude the resident from electing their payment method, rather it means the approved provider cannot require the resident to choose their payment method prior to admission.

Indeed section 52J-2(1) of the Aged Care Act 1997 states:

“A person may choose to pay a refundable deposit at any time after the person has entered into an accommodation agreement.”

Given the resident can enter into the accommodation agreement prior to admission, it follows that they can elect their payment method prior to admission.

SUPPORTED RESIDENT RATIOS SUMMARY

| Day | % Achieved for Service | % Achieved post 2008 Reforms | Day | % Achieved for Service | % Achieved post 2008 Reforms |
|-------------------------------------|------------------------|------------------------------|-----|------------------------|------------------------------|
| 01 | 44.23 (23/52) | 42.50 (17/40) | 16 | 43.39 (23/53) | 41.46 (17/41) |
| 02 | 44.23 (23/52) | 42.50 (17/40) | 17 | 43.39 (23/53) | 41.46 (17/41) |
| 03 | 44.23 (23/52) | 42.50 (17/40) | 18 | 44.44 (24/54) | 42.85 (18/42) |
| 04 | 44.23 (23/52) | 42.50 (17/40) | 19 | 44.44 (24/54) | 42.85 (18/42) |
| 05 | 44.23 (23/52) | 42.50 (17/40) | 20 | 44.44 (24/54) | 42.85 (18/42) |
| 06 | 44.23 (23/52) | 42.50 (17/40) | 21 | 44.44 (24/54) | 42.85 (18/42) |
| 07 | 44.23 (23/52) | 42.50 (17/40) | 22 | 44.44 (24/54) | 42.85 (18/42) |
| 08 | 44.23 (23/52) | 42.50 (17/40) | 23 | 44.44 (24/54) | 42.85 (18/42) |
| 09 | 44.23 (23/52) | 42.50 (17/40) | 24 | 44.44 (24/54) | 42.85 (18/42) |
| 10 | 43.39 (23/53) | 41.46 (17/41) | 25 | 44.44 (24/54) | 42.85 (18/42) |
| 11 | 43.39 (23/53) | 41.46 (17/41) | 26 | 44.44 (24/54) | 42.85 (18/42) |
| 12 | 43.39 (23/53) | 41.46 (17/41) | 27 | 44.44 (24/54) | 42.85 (18/42) |
| 13 | 43.39 (23/53) | 41.46 (17/41) | 28 | 44.44 (24/54) | 42.85 (18/42) |
| 14 | 43.39 (23/53) | 41.46 (17/41) | 29 | 44.44 (24/54) | 42.85 (18/42) |
| 15 | 43.39 (23/53) | 41.46 (17/41) | 30 | 45.28 (24/53) | 43.90 (18/41) |
| | | | 31 | 45.28 (24/53) | 43.90 (18/41) |
| Accommodation Supplement | | | | | 16055.67 |
| Concessional Supplement | | | | | 3104.65 |
| Assisted Resident Supplement | | | | | 255.75 |
| Total | | | | | 19416.07 |

The accommodation contribution amount may change after admission (including from nil) in respect to two factors:

- the accommodation contribution rate can not be higher than the highest means tested accommodation supplement rate received by that service; and
- where the resident's MTA varies after admission the accommodation contribution rate will in turn vary accordingly – DSS advise through quarterly review letters.

The highest rate of the means tested accommodation supplement a service receives is determined by whether that service has been approved for the refurbished/new rate (currently \$53.04 per day as compared to \$34.56 for non-refurbished/new services) or where that service's low-means care recipient/supported/concessional ratio is 40% or below.

Where under 40% the highest means tested accommodation supplement rate is reduced by 25%:

- from \$53.04 for refurbished/new services to \$39.78;
- from \$34.56 for non-refurbished/new services to \$25.92.

The following residents are not included in a service's total places when calculating the low-means/supported/concessional ratio (column 1):

- Pre-October 1997 residents;
- Extra service residents;
- Respite care residents;
- Vacant places.

Further when calculating the ratio for post 20/03/2008 residents (column 2), in addition to the above categories pre-March 2008 residents are not counted towards the service's total places.

PERMANENT CARE RECIPIENT PAYMENTS

Means Tested and Income Tested care subsidy reductions

Means Tested Care Subsidy reduction applies to residents under the new arrangements.

Income Tested Fee care subsidy reductions applies to residents under the old arrangements.

Calculated by Department of Social Services based on Centrelink/DVA means tested amount assessment (assets and income) or income assessment.

Care subsidy reduction cannot be greater than ACFI and primary supplements.

Department advises Approved Provider and resident/their nominee of any applicable means tested or income tested fee.

Is cost neutral – Department deducts means or income tested fee from ACFI subsidy irrespective of whether the Approved Provider charges the resident the means or income tested fee.

4 income reviews undertaken annually by Centrelink/DVA.

FINANCIAL HARDSHIP SUPPLEMENTS

Individual residents may claim financial hardship where they can not afford care and/or accommodation fees or payments.

Where approved, the Approved Provider receives additional payments thereby enabling resident payments to be reduced by equivalent amount.