

Aged Care and Consumer Contributions

Aged care is comprised of several programs that provide a spectrum of care to older people, including those who require low level supports in the home to the highest level of support and accommodation in residential care. Aged care is available to all older people regardless of their means.

The Commonwealth is the major funder of aged care, with participants contributing:

- 4 per cent in the home care programs; and
- 25 per cent in residential care programs, including contributions to accommodation, everyday living services (such as meals, laundry and heating) and care.

How much an older person contributes to their care depends on which program they are in, their financial position and the provider they choose.

This document provides an overview of aged care programs and how they are funded.

Overview of current arrangements

Home care programs

There are two home care programs:

- The Commonwealth Home Support Programme (CHSP) which helps older people access entry-level support services to live independently and safely at home. An aged care assessment determines eligibility for the CHSP, including specific services.
- The Home Care Packages Program (HCP) which is a higher level of care which helps older people with complex care needs to live independently and safely in their own homes. Access to HCP is determined by an independent assessment by an Aged Care Assessment Team (ACAT). There are four levels of HCP allocated based on assessed care need – from level 1 for basic care needs to level 4 for high care needs. A consumer-directed care approach makes sure the support suits a person's needs and goals.

Home care providers have other obligations towards their participants, including security of their tenure and ensuring care continuity.

Older people in home care programs may pay the following:

CHSP

- *Consumer contributions:* These are set by each provider and all providers are required to have a client contribution policy in place. This policy ensures that people who can afford to contribute to the cost of their care do so. It also protects those who are most vulnerable. Providers have discretion as to if, and how much, they charge a consumer in line with the CHSP Client Contribution Framework. CHSP consumers are not means tested but pension status and current financial circumstances can be considered.

HCP

- *Basic daily fee (BDF):* Everyone receiving a HCP can be asked to pay this dependent on their package level. Not all providers charge BDF as this is non-mandatory. Fees are added to the government subsidy to increase the funds available to care recipients in their HCP budget.

- *Income tested care fee (ITCF):* An additional amount some people pay based on their income assessment, which reduces the subsidy Government pays. The income assessment includes income, pension and other Government payments and deemed income. Daily and lifetime contribution caps apply to the ITCF. Only 12 per cent of care recipients incur an income tested care fee.
- *Additional fees:* Any other amounts agreed between a provider and consumer to pay for additional care and services otherwise not covered by the HCP budget. Fees are added to the government subsidy to increase the funds available to care recipients in their HCP budget.

Residential Care

An aged care resident's care needs are assessed by an independent assessor, and the participant's provider is funded to deliver these services. Minimum care minute requirements apply to ensure assessed services are delivered. Participants contribute to the cost of their assessed care needs based on their needs (see "Means Tested Care Fees" below).

Residential providers have other obligations towards their participants, including security of their tenure and ensuring care continuity.

Older people in residential aged care may pay the following:

- *Basic daily fee (BDF):* An amount that all residents pay for everyday living services (such as meals, laundry and heating). The Basic Daily Fee is capped at 85 per cent of the single rate of the basic age pension for all participants.
- *Accommodation costs:* This is a means tested payment in which supported residents contribute up to the amount of the accommodation supplement in accordance with their means and non-supported residents pay a price agreed with the provider. The Government pays an accommodation supplement for fully-supported residents and pays part of the accommodation supplement for partially-supported residents (accommodation costs paid by partially-supported residents reduce the Government supplement paid). Non-supported residents pay for their accommodation costs via a fully-refundable lump-sum accommodation deposit or rental style daily accommodation payment calculated from the lump sum price, or a combination of the two.
- *Means tested care fee:* This is a means tested fee which reduces the amount of Government subsidy paid to a provider for the cost of an individual's care. Annual and lifetime caps apply. Participants currently only contribute 4 per cent of all costs for assessed care needs of participants, with the Commonwealth contributing the remaining 96 per cent.
- *Additional service fees:* Residents can enter into an agreement to pay for services that go beyond the minimum care and service requirements. The scope of these is set and agreed between the resident and provider.

In combination, this means that:

- All residents pay the BDF - with 19 per cent paying no other fees.
- 81 per cent of residents make some contribution towards their accommodation - with 21 per cent making a contribution and 60 per cent paying the full cost.
- Half of the 60 per cent of residents that pay the full cost also contribute to their care costs.

More information

[Understanding aged care costs | My Aged Care](#)

[Schedule of Fees and Charges for Residential and Home Care | Australian Government Department of Health and Aged Care](#)