



8. New Accommodation Supplement

From 20 March 2008, the arrangements governing the accommodation supplements the Australian Government pays for residents who cannot meet their own accommodation costs will be simplified and made fairer.

The new arrangements will combine the current Concessional Resident Supplement and Pensioner Supplement into a single asset-tested *Accommodation Supplement*.

They will also increase the maximum level of the new Accommodation Supplement.

Self funded retiree residents with few assets will also become eligible for accommodation assistance from the Australian Government.

The new supplement will only be paid in respect of permanent residents who enter an aged care home from 20 March 2008.

Current arrangements will continue to apply to permanent residents in an aged care home on 19 March 2008 (including residents who are on pre-entry leave).

Maximum rate of the new supplement

The maximum rate of the Accommodation Supplement will be increased to an estimated \$32.38 per day by 20 September 2011 as set out in the following Table.

Period of Time	Estimated Maximum Supplement
20/03/08 to 19/09/10	\$26.88
20/09/10 to 19/03/11	\$28.72
20/03/11 to 19/09/11	\$30.55
20/09/11 to 19/03/12	\$32.38

Beginning in 2012, the maximum rate of the supplement will be increased on 20 March and 20 September each year in line

with movements in the Consumer Price Index.

Encouraging quality

The Accommodation Supplement is only payable in respect of residents in aged care homes that are certified.

A lower maximum rate will apply to Accommodation Supplement in aged care homes that do not meet both the 1999 fire and safety and 2008 privacy and space requirements.

This lower maximum rate will equal the sum of the indexed maximum rates of the current Concessional Resident Supplement and Pensioner Supplement.

It is estimated that this amount will be \$23.72 in March 2008.

Calculating a resident's supplement

From 20 March 2008, the level of a new resident's Accommodation Supplement will depend on:

- the level of their assessable assets;
- whether the aged care home meets both the 1999 fire and safety and 2008 privacy and space requirements; and
- whether the aged care home provides more than 40 per cent of its eligible care days to 'supported residents'.

Supported residents are residents receiving:

- the Concessional Resident Supplement;
- the Hardship (Accommodation) Supplement; or
- The new Accommodation Supplement.

The new assets test

As currently, Centrelink or the Department of Veterans' Affairs (DVA) will assess a resident's assets on behalf of the

Department of Health and Ageing, even if the resident does not receive a pension.

Having an assets assessment is not compulsory. However, a person will not be eligible for an Accommodation Supplement if they choose not to have the level of their assets assessed by Centrelink or DVA.

The maximum supplement will be paid to all new residents, including self funded retirees, with assets worth less than 2.5 times the maximum annual single basic age pension. It is estimated that this threshold will be \$34,500 in March 2008.

For residents with assets above this threshold the daily amount of the supplement will be reduced by 1/2080th of their assets of the threshold.

Encouraging equity of access

A 25 per cent discount will apply to the supplement paid to residents in aged care homes that do not provide more than 40 per cent of their eligible care days to 'supported residents'.

Homes will be paid the undiscounted rate for **new** permanent residents if more than 40 per cent of all of their permanent residents are supported residents.

Homes will also be paid the undiscounted rate for **new** permanent residents if more than 40 per cent of their new permanent residents are supported residents.

Note, as currently, residents who have been in the aged care home since before 1 October 1997 are not counted in these calculations.

Because the definition of supported resident is more generous than the definition of concessional/assisted residents, many more aged care homes will be able to surpass the 40 per cent supported threshold.

It is estimated that by March 2008, about 30 per cent of new residents would have

qualified as either concessional or assisted residents. By contrast, about 50 per cent of new residents are expected to qualify for some level of Accommodation Supplement (and so be supported residents).

Existing residents

Residents in receipt of the Concessional Resident Supplement will continue to receive the supplement until they are discharged.

Existing residents will continue to be eligible for the Pensioner Supplement as currently.

The indexation arrangements for the rates of the Concessional Resident Supplement and the Pensioner Supplement will be the same as for the new Accommodation Supplement.

Currently, the amount of the Concessional Resident Supplement paid in aged care homes that do not provide more than 40 per cent of their eligible care days to concessional or assisted residents is reduced by about 35 per cent.

This level of discount will continue for existing residents.

However, aged care homes will be taken to surpass the 40 per cent threshold if they provide more than 40 per cent of their eligible care days to 'supported residents'.

That is, to residents receiving:

- the Concessional Resident Supplement;
- the Hardship (Accommodation Bond) Supplement,
- the Hardship (Accommodation Charge) Supplement; or
- The new Accommodation Supplement.

Again, residents who have been in the aged care home since before 1 October 1997 are not counted in these calculations.

Estimated Level of Accommodation
Supplement for New Residents

(Aged care home that is 2008 compliant) -
(20 March 2008 to 19 September 2008)

Resident's Assets	> 40% Supported Residents	<= 40% Supported Residents
\$34,500	\$26.88	\$20.16
\$35,000	\$26.64	\$19.98
\$40,500	\$24.24	\$18.18
\$45,000	\$21.83	\$16.37
\$50,000	\$19.43	\$14.57
\$55,000	\$17.02	\$12.77
\$60,000	\$14.62	\$10.97
\$65,000	\$12.22	\$9.16
\$70,000	\$9.81	\$7.36
\$75,000	\$7.41	\$5.56
\$80,000	\$5.01	\$3.75
\$85,000	\$2.60	\$1.95
\$90,000	\$0.20	\$0.15
\$95,000	\$0.00	\$0.00