



Australian Government

Department of Health and Aged Care

# Case studies: residential care



# About this document

This document presents a range of case studies that demonstrate the potential impact of the proposed changes on new residents, across various levels of income and/or assets.

## Current state

**Everyday living:** All residents pay a Basic Daily Fee, set at 85% of the basic age pension (\$63.57 per day). The government tops this up with a Hotelling Supplement for all residents of \$12.55 per day (as at 20 September).

**Care:** Residents with sufficient assets and income pay a means-tested care fee.

**Accommodation:** The government funds accommodation in full or part for supported residents - usually full or part pensioners.

Non-supported residents may choose to pay with a fully refundable accommodation deposit (RAD) or a daily accommodation payment (DAP).

## Future state

**Everyday living:** No change to Basic Daily Fee. Hotelling Supplement to be means-tested, beginning once a resident has more than \$238,000 in assets, \$95,400 in annual income, or a combination of the two.

**Care:** Means-tested care fee abolished and a non-clinical care contribution introduced, with clinical care fully funded by government. Residents begin to pay the new contribution once they have more than \$502,981 in assets, more than \$131,279 income or a combination of the two. The contribution is capped at \$101.16 a day and is paid for the first four years in care. Additionally, once a resident has paid \$130,000 in contributions to Support at Home and non-clinical care in residential care they will no longer pay the non-clinical care contribution.

**Accommodation:** No change to who is eligible for government support with accommodation costs. For residents who choose to pay for their accommodation with a RAD, providers will retain 2% each year for five years, to ensure the quality of facilities is maintained.

**The treatment of the family home will be unchanged, with only the first \$206,039 assessable for means-testing.**

## No change for existing residents

All residents living in residential aged care before 1 July 2025 will not see a change in their accommodation costs or contributions. Their contribution rates will be preserved and won't change.



## Christos

### Full pensioner – fully supported

Christos is retired and on the full age pension, living in Newcastle. When he decided to move into residential aged care, he was a renter. He has a very small amount of savings.

Under the new non-clinical care and everyday living contribution arrangements, Christos would continue to only pay the Basic Daily Fee with the government paying his remaining costs.

Additionally, as Christos is fully supported, the government pays for all of his accommodation costs.

As Christos is already in residential aged care, he retains his current contributions and doesn't contribute more.

Someone who enters residential aged care after 1 July 2025 with the same assets and income as Christos will also not contribute anything more than Christos does now.

**1 in 4 residents are supported full pensioners like Christos. They won't contribute more in the new arrangements.**

Age pension status	Full pensioner
Pension income	\$29,754
Other income	\$25
Homeowner or renting	Renter
Home value	N/A
Partner living in home	N/A
Assessable value of home	N/A
Other assets	\$10,000
Receives accommodation support	Fully supported

	Current contribution		Proposed contribution – 2025-26	
	Resident	Government	Resident	Government
%	16.7%	83.3%	16.8%	83.2%
Ratio \$	\$1.00	\$5.00	\$1.00	\$5.00
Per year	\$23,200	\$115,500	\$23,500	\$116,600



## Hannah

### Full pensioner – non-supported

Hannah lives in Townsville. She owns her own home outright and has some money in the bank. She is single and receives the full age pension.

Hannah is already in residential aged care and so she retains her current contributions and doesn't contribute more.

Under the new arrangements, someone who enters residential aged care after 1 July 2025 with the same assets and income as Hannah will contribute more to their non-clinical care and everyday living costs.

Any contributions previously made in Support at Home will count towards their lifetime contribution cap of \$130,000 and reduce the length of time that they contribute to their non-clinical care costs.

Age pension status	Full pensioner
Pension income	\$29,754
Other income	\$592
Homeowner or renting	Home owner
Home value	\$600,000
Partner living in home	No
Assessable value of home	\$206,039
Other assets	\$150,000
Receives accommodation support	Not eligible, non supported

	Current contribution		Proposed contribution – 2025-26	
	Resident	Government	Resident	Government
%	17.8%	82.2%	20.6%	79.4%
Ratio \$	\$1.00	\$4.60	\$1.00	\$3.90
Per year	\$24,700	\$114,000	\$28,800	\$111,300



## Thu

### Part pensioner – non-supported

Thu lives in Sydney, owns her house, has moderate assets and is on a part pension.

Thu is already in residential aged care and so she retains her current contributions and doesn't contribute more.

Under the new arrangements, someone who enters residential aged care after 1 July 2025 with the same assets and income as Thu will contribute more to their non-clinical care and everyday living costs.

Any contributions previously made in Support at Home will count towards their lifetime contribution cap of \$130,000 and reduce the length of time that they contribute to their non-clinical care costs.

Age pension status	Part pensioner
Total income (pension + other)	\$40,000
Homeowner or renting	Home owner
Home value	\$1.1 million
Partner living in home	No
Assessable value of home	\$206,039
Other assets	\$350,000
Receives accommodation support	Not eligible

	Current contribution		Proposed contribution – 2025-26	
	Resident	Government	Resident	Government
%	22.6%	77.4%	25.7%	74.3%
Ratio \$	\$1.00	\$3.40	\$1.00	\$2.90
Per year	\$31,300	\$107,400	\$36,000	\$104,100



## George

### Part pensioner – non-supported

George owns his home in Melbourne and has a superannuation income. He receives a part age pension and also has deemed income.

George is already in residential aged care and so he retains his current contributions and doesn't contribute more.

Under the new arrangements, someone who enters residential aged care after 1 July 2025 with the same assets and income as George will contribute more to their non-clinical care and everyday living costs.

Any contributions previously made in Support at Home will count towards their lifetime contribution cap of \$130,000 and reduce the length of time that they contribute to their non-clinical care costs.

Age pension status	Part pensioner
Total income (pension + other)	\$40,000
Homeowner or renting	Home owner
Home value	\$900,000
Partner living in home	No
Assessable value of home	\$206,039
Other assets	\$500,000
Receives accommodation support	Not eligible, non supported

	Current contribution		Proposed contribution – 2025-26	
	Resident	Government	Resident	Government
%	24.7%	75.3%	34.1%	65.9%
Ratio \$	\$1.00	\$3.00	\$1.00	\$1.90
Per year	\$34,300	\$104,400	\$47,700	\$92,400



## Heather

### Self-funded retiree

Heather owns her home and has enough superannuation that she is not eligible for the age pension, either in full or in part.

Heather is already in residential aged care and so she retains her current contributions and doesn't contribute more.

Under the new arrangements, someone who enters residential aged care after 1 July 2025 with the same assets and income as Heather will contribute more to their non-clinical care and everyday living costs.

Any contributions previously made in Support at Home will count towards their lifetime contribution cap of \$130,000 and reduce the length of time that they contribute to their non-clinical care costs.

Age pension status	Self-funded retiree
Pension income	\$0
Other income	\$70,000
Homeowner or renting	Home owner
Home value	\$1.6 million
Partner living in home	No
Assessable value of home	\$206,039
Other assets	\$500,000
Receives accommodation support	Not eligible

	Current contribution		Proposed contribution – 2025-26	
	Resident	Government	Resident	Government
%	35.6%	64.4%	44.8%	55.2%
Ratio \$	\$1.00	\$1.80	\$1.00	\$1.20
Per year	\$49,400	\$89,400	\$62,800	\$77,400

# About these case studies

These examples are stylised using age pension rates for September 2024, and aged care fees and payment rates as updated in September 2024.

## **No worse off principle**

A *no worse off* principle will provide certainty to people already in aged care and they won't make a greater contribution to their care.

The new contributions and accommodation arrangements will only apply to new entrants to residential aged care from 1 July 2025. Everyone in residential care on 30 June 2025 will maintain their current arrangements until they leave care.





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