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Low means residents - Can they ever pay a full Refundable Accommodation Contribution (RAC)?

Query: We have a low means resident in our facility who is a full pensioner with assets of \$143,000. The resident has been assessed by the DHS to be subject to paying a \$46.63/day DAC. The full RAC payable would be \$267,609.27.

1. Our resident agreement states that the option to pay a full RAC is not possible at current interest rate because their level of assets is below the RAC amount; however
2. the resident received advice from both a financial adviser and a legal adviser that he could pay a full RAC of \$267,609.27 to reduce the DAC to zero.

Who is correct?

Answer: The resident agreement, financial adviser and legal advisers are all correct.

1. The Agreement:

At time of entry, the resident will never be able to pay a full RAC based on their DAC at current interest rate.

Why? Because the DAC indicated in the resident's agreement is the initial DAC payable. This initial DAC amount is based on 17.5% of the resident's disclosed assets at time of entry and the equivalent RAC is based on an MPIR of 6.36% applied to the DAC – a much lower rate. Therefore the payable RAC at entry will always be above the resident's level of assets at time of entry.

2. Financial Adviser & Legal Adviser

After entry, a low-means resident could pay an additional RAC amount up to the full RAC to a provider (including the \$46,000 minimum asset amount if paid after 28 days from entry).

How? In most cases, a RAC would exceed a person's disclosed level of assets. However, the resident can accept money from their family to pay some or all of the RAC.

Note 1: Personal loans (e.g. loans from family) are not generally considered as liabilities by the Department when assessing a resident's means for residential aged care fees. So ...the loan amount from the family may increase the resident's level of assets, and therefore the assessed DAC amount may increase at the next quarterly review. The resident may then have to either "top up" the RAC or pay an additional DAC amount, in addition to the RAC already paid to you.

Note 2: Another common increase in assets could be the resident's house becoming an assessable asset following the death of their spouse after their entry. (The resident would nonetheless remain a low-means resident even if they now have assets well above the maximum assessable RAC amount.)

Pre-Admission Agreements - Are they needed with prospective low means residents?

Every resident entering a residential aged care service should be provided information on the maximum accommodation payment for their room prior to entry **regardless** of the resident being likely to be assessed as a low means resident by the DHS.

Example:

- At time of entry, Mr Smith advised Doo Wred Nu Aged Care Facility that he had submitted his income and asset assessment to the DHS and was expected to be determined as a low means resident.
- Based on this information, Doo Wred Nu decided not to provide and sign a pre-admission agreement with Mr Smith, and hence did not agree with Mr Smith about the maximum accommodation payment that **would** be applicable to him **should** Mr Smith not be assessed as a low means resident before he entered the facility.
- A few weeks later, the DHS issued their Aged Care Fees advice and determined that Mr Smith was **not** low means from date of entry and that he is therefore subject to paying an accommodation payment from date of entry.
- Because Doo Wred Nu ACF and Mr Smith did not agree on the maximum accommodation payment applicable to the Mr Smith's room before entry,

Doo Wred Nu may not be able to levy the accommodation payment for that room.

Section 52F-1 of the Aged Care Act 1997 specifies that “before a person enters a residential care service (...) the provider of the service must give the resident an accommodation agreement (...) and agree with the resident, in writing, about the maximum amount that would be payable if the person paid an accommodation person for the service.” (emphasis added)

JU&A recruitment - Two positions available

1. Director of Nursing - Far North Queensland

Warrina Innifail is looking for an experienced Director of Nursing to lead the successful delivery of exceptional clinical outcomes for residents across 192 residential aged care places.

Warrina Innisfail is a community based, not-for-profit aged care provider located on the far north tropical Queensland coast, an easy commute from Cairns.

If you are motivated and wanting to make a difference in older people's lives, please contact Julie at julie@underwoods.com.au or on 07 3229 8955 for a copy of the full position description and key selection criteria.

Applications close Monday 20 July 2015

2. Project Officer/Administration - Brisbane CBD

A position is available at JU&A in our Brisbane CBD office.

We are looking for an additional person in our firm with:

- 50% consulting assistance with emphasis on advising on the entry requirement in aged care; RADs/DAPs; agreements; the “Gateway”; home care CDC agreements; transfers; approved provider applications; assistance to consultants in all areas of reports including demographics, graphs, tables, maps and research; and
- 50% administration assistance with our office manager Karen.

This is a very vibrant and busy office. You will have a variety of work and interesting challenges.

Please email Julie on julie@underwoods.com.au with your C.V. We are keen to consider people already working in the sector. We expect the occupant will be full-time but will consider part-time.



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