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This article was authored while still employed at IOOF.

RECEIVING HELP AT HOME TO SUPPORT AGEING NEEDS

Linda Bruce

Ageing populations across western industrialised nations like Australia are a result of increased life expectancy and lower birth rates. In fact, as at 30 June 2018, our nation had over 3.9 million people aged 65 and over and this number is projected to more than double, to 8.8 million, or 22% of the population, by 2057. Given this demographic trend, Australians will have a substantially greater need for aged care services in the future.

In recent years, financial advisers have become more actively involved in aged care planning. Advisers are in a great position, given their awareness of their clients' financial and personal situations, to assist their clients with accessing aged care services. This could include working out the cost of care and advising their clients of any potential impact on their financial position, including their estate planning needs.

Many people have a perception that the aged care system is primarily focused on providing permanent residential aged care facilities for those in need. This overlooks what can be a very significant alternative path – the option for older Australians to stay in their own home for as long as possible, supported by Government home care services.

This article explores the home care services funded by the Australian Government and the associated financial planning implications of accessing these services.

Home care - two levels of support

When an elderly person starts to have difficulty managing everyday activities, they, their family member or their authorised representative, should contact the Government's My Aged Care Contact Centre on 1800 200 422.

Depending on the individual's care needs, the contact centre staff may organise to have them assessed for one of the two types of home care support that is subsidised by the Government:

1. Entry-level support – the Commonwealth Home Support Programme.
2. Complex support – the Home Care Packages Program.

1. Entry-level support: The Commonwealth Home Support Programme

If your client needs some help with daily tasks but generally is able to manage, the Commonwealth Home Support Programme (CHSP) services might be a suitable option.

There are different CHSP services to help an older client manage their day-to-day activities.

Depending on their needs, they may be eligible to receive services such as:

- Providing transport to appointments and activities
- Domestic help - such as house cleaning and washing clothes
- Personal care - for example help with showering or dressing
- Home maintenance - such as changing light bulbs or gardening



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Once your client is approved for a home care package by ACAT, they will be placed in the national queue.

- Home modifications relating to the care needs
- Aids and equipment for example mobility aids
- Meals, food preparation, nutrition advice and cooking skills
- Nursing including managing medication
- Allied health - for example podiatry, physiotherapy, occupations therapy
- Social support - for example accompanied activities, group excursions
- Respite care while the carer takes a break.

- Support services, such as help around the home, visiting the doctor and attending social activities;
- Personal care such as help with showering, dressing and moving around the home;
- Care coordination.

The funds available from a home care package cannot be used as a general source of income for items such as day-to-day bills, food, mortgage payments or rent.

Accessing home care packages

There are four levels of home care packages to help meet different levels of care needs.

Table 1. Home care packages

Package level	Home care services for people with	Package value per year* ^
Level 1	Basic care needs	\$12,078
Level 2	Low-level care needs	\$18,852
Level 3	Intermediate care needs	\$36,883
Level 4	High-level care needs	\$54,093

*As at 20 September 2018. Includes the basic daily fee of \$10.43 per day.

^ Care recipients with dementia are eligible to receive additional funding from the Government. As a result, their annual package value may be higher.

Accessing CHSP services

If a My Aged Care contact centre staff member identifies that your client needs low level support at home, they will refer them to have a home support assessment with a Regional Assessment Service (RAS). A local RAS assessor will contact your client to arrange a face-to-face assessment in their home.

The RAS assessor will work with your client or an authorised person, usually a family member, to develop a support plan that reflects their entry-level aged care needs, goals and preference. Generally, an individual needs to be 65 years or over to be able to access CHSP.

Costs

The Government subsidises a range of CHSP providers so that the fees payable by an individual can be kept to a reasonable and affordable level.

An income and assets assessment is not required. Your client will need to discuss and agree any fees payable with the service provider they choose before they start receiving services.

When care needs change

If your client starts to feel that the services they are receiving under a CHSP are no longer meeting their care needs, they may need to be reassessed and upgraded to a home care package.

2. Complex support – the Home Care Packages program (post 1 July 2014)

A home care package is a coordinated package of care and services tailored to meet an individual's specific needs in their home. Some people may start with a home care package while others may have received the CHSP services and then be assessed for a home care package.

This article relates to individuals who begin to receive home care package services on, or after, 1 July 2014. The grandfathered pre-1 July 2014 home care arrangements are not discussed in this article.

Services available from a home care package

The type of services under a home care package can include, but are not limited to:

- Clinical care, such as nursing, allied health and physiotherapy for mobility and strength;

An individual needs to have their home care needs assessed by an Aged Care Assessment Team (ACAT). In Victoria, this is called Aged Care Assessment Services (ACAS). During the assessment, the ACAT assessor will discuss the individual's current care needs and determine the best level of care for them.

Since 27 February 2017, ACAT approvals are specific to each package level. If the individual needs to move to a higher level, a reassessment by ACAT is required.

Before 27 February 2017, ACAT approvals were grouped into two broad-banded levels and the recipients could move between home care level 1 and 2 or between level 3 and 4 without a new ACAT assessment. Approvals granted before this date were automatically approved at the higher broadband level, meaning either at level 2 or level 4. This resulted in a large number of people in the queue for a level 2 package and an even greater number waiting for a level 4 package.

ACAT approvals do not lapse, unless they are granted for a specific time period.

Searching for home care providers

Once your client is approved for a home care package by ACAT, they will be placed in the national queue. While waiting for a package to be assigned, your client, their family member or an authorised person, should start to research approved home care providers in their local area.

Due to the demand for a home care packages, for most people, the expected wait time for approved packages can exceed 12 months for people with more complex needs.

Table 2. Expected wait times for approved home care packages

Approved package level	Expected wait time for an approved package*
Level 1	1-3 months
Level 2	9-12 months
Level 3	12+ months
Level 4	12+ months

*Last revised 30 June 2018. Source: www.myagedcare.gov.au

When a home care package becomes available, your client will get a letter from My Aged Care to let them know that they have been assigned a package. The letter will set out the level of the home care package they have been assigned to. The assigned package level may be below the level of the package approved by ACAT.

Once your client receives the letter assigning them a home care package, a Home Care Agreement must be entered into between your client, or an authorised representative, with the chosen home care provider within 56 days from the date the package has been assigned. A further 28 days can be granted if your client needs some extra time to make a decision.

Costs for home care packages

The Government provides a different subsidy amount for each level of home care package. Your client will also be asked to pay one or more of the following fees for the care they receive as part of the home care package:

- The basic daily fee
- An income-tested care fee
- Other agreed fees for additional services.

Basic daily fee

The maximum basic daily fee is 17.5% of the single person rate of the basic age pension. Currently, the maximum amount is \$10.43 per day or \$146.02 per fortnight to 19 March 2019.

The basic daily fee can be negotiated between the provider and the care recipient. However, the basic daily fee is added to the care recipient's unspent funds in the package. If a provider offers to reduce the basic daily fee they charge, it will reduce the value in your client's package.

Income-tested care fee

The income-tested care fee is in addition to the basic daily fee. Depending on your client and their partner's income level, an income tested care fee may be payable. This is the contribution from the individual care recipient towards the cost of care, if their assessable income exceeds the income free area (see the table below entitled 'Income free area as at 20 September 2018').

The income-tested care fee is assessed by the Department of Human Services (DHS) or the Department of Veterans' Affairs (DVA). The My Aged Care website states:

- If an individual is receiving a means-tested pension, the DHS and DVA would already have sufficient information to work out the income-tested care fee.
- If an individual is a self-funded retiree, they will need to lodge an 'Aged Care Fees Income Assessment (SA456)' form with DHS or DVA. If this form is not completed, they can be asked to pay the maximum income-tested care fee.

Income assessed for income-tested care fee

Assessable income for working out the income-tested care fee includes:

- Centrelink/DVA assessed income under the usual social security income test rules. If the care recipient is a member of a couple, half of the combined income for social security purposes is included.
- plus
- The care recipient's social security payments such as their Age Pension or DVA services pension, less the minimum pension supplement and Energy supplement. Certain DVA payments such as the DVA Disability Pension or War Widow's/Widower's pension may be exempt income if the recipient of that income also has qualifying services.

Calculating the income-tested care fee

The income-tested care fee is only applicable if the care recipient's assessable income is greater than the income free area stated in Table 3.

Table 3. Income free area as at 20 September 2018

Status	Annual income
Single	\$26,985.40
Couple (each) – living together	\$20,922.20
Couple (each) – separated due to illness	\$26,465.40

Where the care recipient's assessable income exceeds the above threshold, the income-tested care fee will be the lowest of:

- **The cost of care.** This is the sum of the basic subsidy amount and primary supplements that can be paid by the Government as advised by the DOH or DVA
- **The calculated amount based on the legislative formula** as shown in the following tables
- **The daily and annual capped amounts**, also shown in the following tables.

The thresholds and capped amounts are different for part pensioners and self-funded retirees.

Table 4. Part pensioners

Status	Calculated amount (annual)	Capped amount
Single	50% x (assessable income - \$26,985*)	
Couple (each) – living together	50% x (assessable income - 20,922*)	\$14.96* day, or \$5,446* per year
Couple (each) – separated due to illness	50% x (assessable income - 26,465*)	

*As at 20 September 2018.

Table 5. Self-funded retirees

Status	Calculated amount (annual)	Capped amount
Single	\$5,446 + 50% x (assessable income - \$52,036*)	
Couple (each) – living together	\$5,446 + 50% x (assessable income - 39,806*)	\$29.92* per day, or \$10,893* per year
Couple (each) – separated due to illness	\$5,446 + 50% x (assessable income - 51,516*)	

*As at 20 September 2018.



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In addition to the daily and annual capped amount, the care recipient's income-tested care fee is also subject to the lifetime cap, currently \$65,357. The lifetime cap is indexed on 20 March and 20 September each year. Once the lifetime cap is reached, the care recipient can no longer be asked to pay the income-tested care fee.

If a home care recipient subsequently moves to a residential aged care facility, any income-tested care fee they paid while receiving home care reduces the remaining amount in the lifetime cap for any means-tested care fee that may be payable in a residential aged care facility.

Example – home care cost for a member of a couple

Jack and Nina are a married couple. They are both 80 years old.

Jack receives \$100,000 from a defined benefit pension with no tax-free component. The deemed income on their combined financial assets is \$30,000 per year. They don't have any other income. They are self-funded retirees.

If Nina starts to receive a home care package, her assessable income is 50% of the couple's combined income (50% x \$130,000 = \$65,000). Her contribution to her home care cost is calculated as below:

1. Nina is liable to pay the basic daily care fee of \$10.43 per day. This adds to the unspent funds in Nina's home care package that she will be receiving. If a provider offers to reduce the basic daily fee they charge, it will reduce the value in Nina's package.
2. Income-tested care fee. This is the lowest of three calculations as shown in Table 6.

Table 6. Example income-tested care fee calculation

The income-tested care fee is the lowest of the following

The cost of care - the basic subsidy amount and primary supplements that can be paid by the Government depending the level of package, determined by the DOH based on the individual's situation, approximately:

- Level 1: **\$23** per day
- Level 2: **\$41** per day
- Level 3: **\$90** per day
- Level 4: **\$138** per day

The calculated fee based on the formula:
 $(\$5,446 + 50\% \times (\$65,000 - \$39,806)) / 364 =$ **\$49.55** per day

The capped amount for a self-funded retiree **\$29.92** per day

This means if Nina receives a level 1 package, her income-tested care fee is her cost of care, which is \$23 per day. The Government's subsidy and supplement is reduced to \$0. Nina is essentially self-funding her cost of care on receiving a level 1 package.

However, if Nina receives a level 2, 3 or 4 package, her income-tested care fee is capped at \$29.92 per day. The Government will pay the rest of the cost of her care.

For example, if Nina receives a level 4 package valued at \$138 per day, Nina needs to pay \$29.92 per day based on her income and the Government will pay \$108.08 towards her cost of care.

The home care provider is not allowed to waive or reduce the income-tested care fee and reduce the value of a care receiver's package. If the provider offers to reduce Nina's income-tested care fee, they still needs to provide home care services reflecting her full package value of \$138 per day.

Summary

Aged care is a sensitive and complex area. Advisers' knowledge and experience in aged care can greatly assist clients who need aged care services and their family members.

Receiving care at home may be a less unsettling option compared to moving into a residential care facility. The CHSP is a starting point to provide aged care services at home and a home care package caters for individuals with more complex care needs.

However, there are currently more than 121,000 people in need of aged care who are waiting in the queue. This includes over 40,000 people who have been assessed as needing a higher level of care than they currently receive. Unfortunately, not everyone on the queue will enter home care. Many people with approvals for both home and residential aged care may choose to take up a residential place instead of a home care package.

Clients and family members who are interested in the home care package program should be aware of the waiting time and associated costs and plan ahead. **FS**