Navigating Co-contributions and Financial Hardship under Support at Home

Who are we?

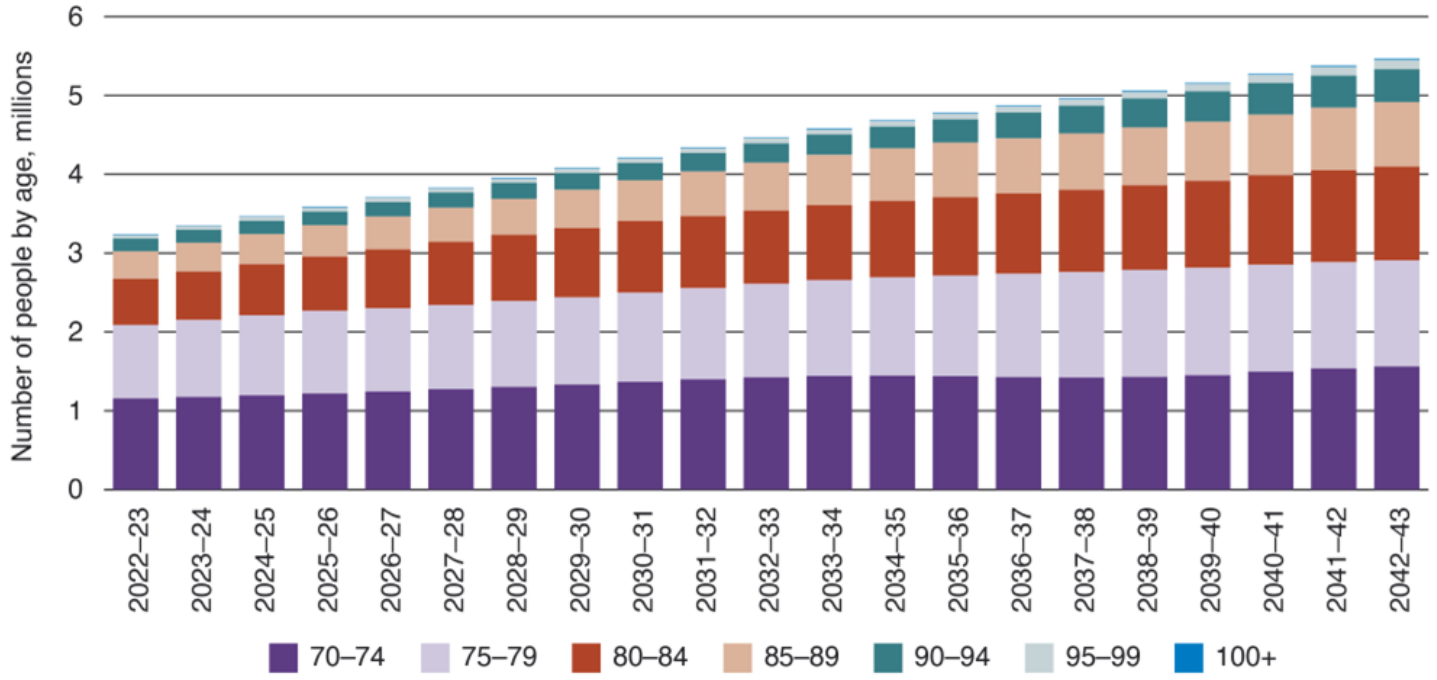
Angus Kerr- LiveWell Care

Rosie Bouton- We Plan Financial

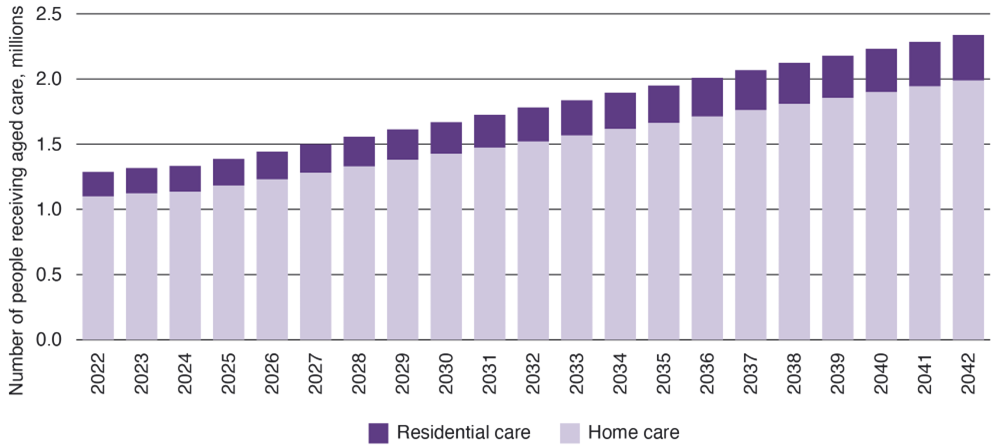
The need for change

The Aged Care Taskforce report (2024) highlighted:

- Australia's population is ageing
- Growth in demand for aged care.
- 70 years and over cohort increasing by around 2.3 million people over the next 2 decades
- 85 years and over cohort will more than double to just under 1.4 million people by 2042.



Additional funding is required to meet future need



2021–22 spending on aged care was $24.8 billion.

- Residential care ($14.6 billion),
- Home Care Packages Program ($4.4 billion)
- Commonwealth Home Support Programme ($2.9 billion).

By 2032, government expenditure is expected to more than double to $56.7 billion

- Residential Care ($41.2 billion)
- Support at Home ($15.5 billion)

Next 40 years people over 80 is expected to triple

- Generally older people are wealthier than previous generations and the taxpayer base is declining
- Increased investment from government and participants required to meet demand

Balancing government funding and participant contributions

Government funding (currently)

- 75% of total costs of residential aged care
- 95% of home care

What is important?

- Co-contribution arrangements to be consistent and proportionate between Support at Home & Residential Care.
- Co-contribution arrangements do not increase barriers to older people moving between home care and residential care.
- This consistency aims to make the system fairer and simpler, allowing older people to move between home care and residential care without facing increased financial obstacles

Co-contribution under HCP v Support at Home

Leora.

Indicative participant contribution rates

Participant	Clinical Supports	Independence Supports	Everyday Living Supports
Full pensioner	0%	5%	17.5%
Part pensioner and self-funded Commonwealth Seniors Health Card (CSHC) holder	0%	Between 5% and 50%*	Between 17.5% and 80%*
Self-funded non-CSHC holder and means not disclosed**	0%	50%	80%

*Participant contributions will be calculated based on the outcome of an income and assets assessment.
**A means not disclosed status refers to an individual who has not disclosed their assets and income.
A non-CSHC holder is an individual who is ineligible for the pension and the CSHC.

- Inconsistencies across the Commonwealth Home Support Programme, Home Care Package Program, and Residential Care
- Current participant co-contribution rates only make up 5% of total Home Care funding.
- Extremely low and will not support projected growth in demand.
- HCP daily contributions
- Support at Home will be a fee-for-service model
- Participants will only pay a co-contribution for services received
- New entrants into Support at Home will be required to contribute means tested fees for all Independence and Everyday Living services (typically paid for their whole lives).
- Clinical Services will be fully funded by government.

Potential Impacts of increased co-contributions

- Assets now included in the aged care means assessment- not just income
- Movement away from accessing funded Independence and Everyday living services by certain income groups
- Risk of service refusal by low-income participants
- Self-funded retirees may only use Support at Home funding for clinical services (choice of cheaper alternatives)
- Potential of providers seeing low-income participants as debt risk
- ‘Sweet spot’ participants? Those who can and will pay their contributions and use a providers Independence & Everyday Living Services offerings.

Safety Net?-Hardship Assistance

- Significant change in policy intent on of how full pensioners will co-contribute
- If a participant is unable to pay their contributions due to financial hardship, they can apply for a Fee Reduction Supplement via the Services Australia (SA462 Hardship Application)
- If Hardship Application is successful, the Aus Gov will pay some (or all) of their aged care fees in the form of Fee Reduction Supplement
- New Act does not change the assessment process or financial considerations

Fee Reduction Supplement

If successful, the participant will be informed of:

- The cap applied to your contribution
- Expected to be a fortnightly individual contribution cap- $ amount
- How long the Hardship arrangements will be in place (time limited- up to 3 year hardship grant)

Risks & Implications of Hardship Applications

- Participant will not be asked to pay contributions while application is being assessed
- However, if application is unsuccessful, contributions are not waived and will have to be paid to provider
- Could an unsuccessful application put further financial pressure on participant?
- Increased risk of providers not being able to recoup money owing?

Step-by-step guide to completing the financial hardship form (SA462)

- Applying for financial hardship assistance can be a difficult, emotional and invasive process for participants and their families to navigate.
- We will guide you through the main parts of this form so you know what to expect when coming across participants who are reticent about taking up a Support at Home package due to the client contributions.
- Download the latest form here: Aged care claim for financial hardship assistance form (SA462)

Australian Government
Services Australia

centrelink

Aged Care
Claim for financial hardship assistance

About this form

Use this form if you need assistance to pay your aged care costs.

This form collects details of your assets and expenses. Your fees and charges may be updated according to your individual circumstances.

Before completing this form

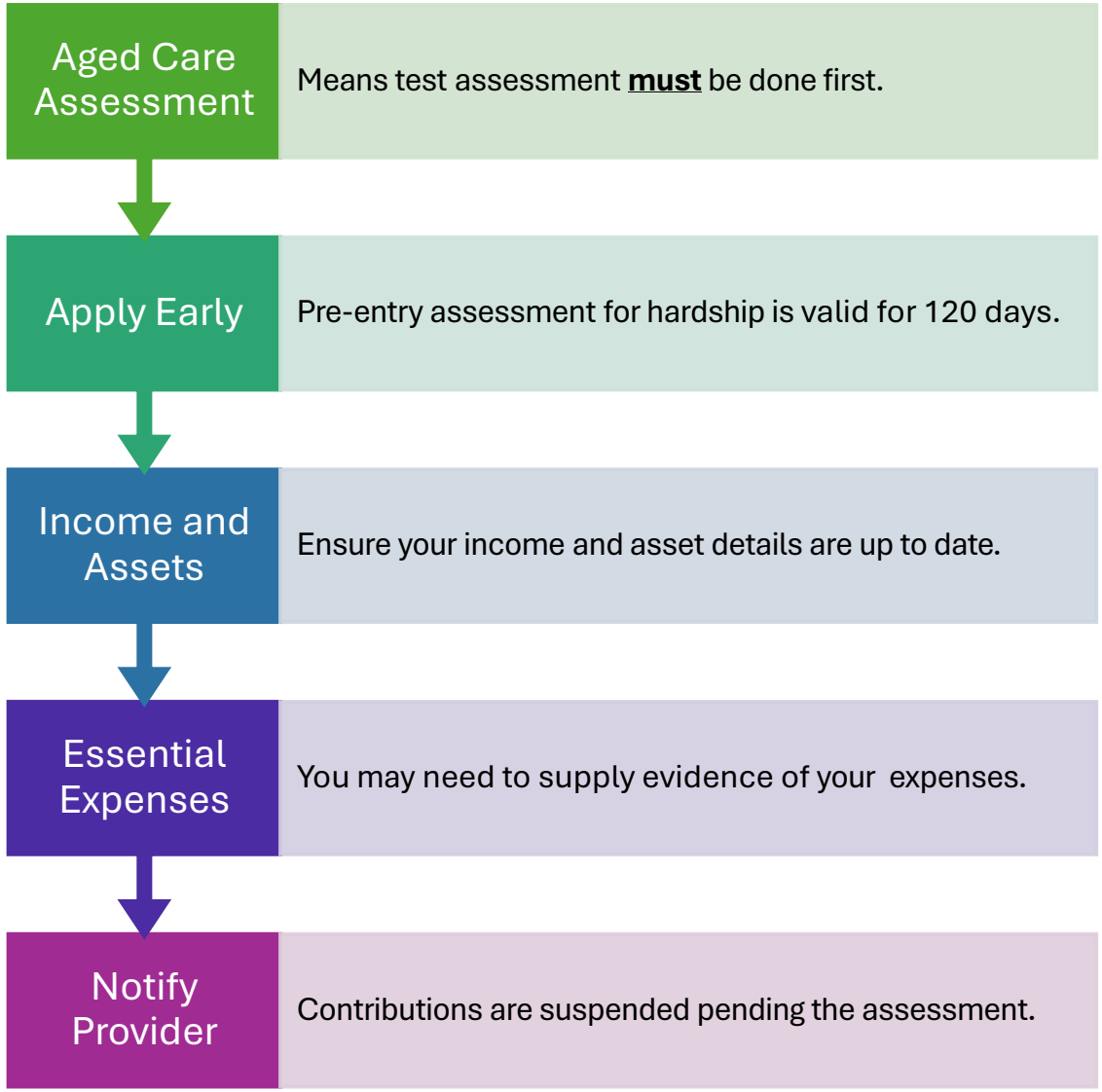
If your (and/or your partner's) personal or financial details have changed since receiving your fee advice letter, the outcome of your financial hardship claim will not be correct. To update your details, use your online account or call the Aged Care line on **1800 227 475** or Department of Veterans' Affairs (DVA) on 1800 VETERAN (**1800 838 372**).

Hardship is *HARD*

Anyone experiencing hardship should be encouraged to test their eligibility

How to apply

1. Participants income and assets have been assessed for aged care purposes.
2. Participants assessable assets are valued below 1.5 times the annual basic Age Pension rate including supplements (currently $44,811 at 20 March 2025).
3. Participants have not gifted money or assets to others over certain thresholds.
4. Participants must complete the Aged Care Claim for financial hardship assistance form.
5. Send this form and evidence to support a claim to Services Australia, including evidence requested.
6. Participants to tell their provider that they have submitted a claim for hardship.



We recommend the applicant complete an estimate of the aged care fees on the My Aged Care website using their updated income and assets information.

Gifting (deprivation)

Have participants given away money or assets worth more than $10,000 in the current financial year, or more than $30,000 over the last 5 financial years? This includes giving away more than $10,000 within any single financial year.

If unsure, request a ***Detailed Income and Asset statement.***

Services Australia will check bank statements for any large withdrawals and ask participants for an explanation. For example, was the withdrawal a repayment of a loan? If so, participants will be required to show all evidence of loan and repayment.

The same gifting threshold applies to a single

It's possible to *unwind* a gift if the receiver returns it.

Be careful with ***forgiving*** unpaid family loans or loans to trusts or companies.

Income and assets

Currently, Home Care assessments include assessable income only.

Common items include income from earnings or trust distributions, foreign pensions, some income streams, and ‘deeming’ from financial assets.

From 1 November, assets will also be included in the assessment.

A principal place of residence is generally not counted in this assessment.

The participant must provide their own and their partner’s income and asset information and are required to notify them that their personal and financial information will be disclosed.

The current market value of participants' household contents is what you would get if you sold your items in a garage sale.

It is not the replacement or insured value.

Unrealisable assets

These commonly include:

- Property that can't be sold or borrowed against.
- Property that is occupied by an immediate family member who is unable to move elsewhere (other criteria apply).
- Jointly owned property.
- Frozen assets.
- Misappropriated funds.

Evidence required (attach evidence and provide an explanation of why the asset(s) cannot be sold or borrowed against, at the end of this question)

If participants are requesting assets to be disregarded from means testing, they need to justify why this asset cannot be sold or borrowed against. Participants need to mindful that others may need to disclose their personal information to Services Australia for their claim

Other requirements

Ensure participants add the date they are claiming hardship assistance from.

Ensure the form is signed and dated correctly. Digital signatures are not acceptable.

Declaration for the person the assessment is for

If you (the person the assessment is for) are not able to sign this declaration, it should be signed by someone who is authorised to sign on your behalf. The authorised person must also sign question 17. For more information, see 'Person signing on your behalf' on page 2.

You must provide evidence that you have authority to sign on behalf of this person. Which of the below evidence will you be providing?

- A copy of the financial power of attorney order ☐
- A copy of the administration order ☐
- A copy of the financial management order ☐
- A letter from a medical professional ☐
- A copy of the guardian(s) and/or attorney(s) photo identification ☐
- Not applicable – existing nominee arrangement ☐
- A copy of the Will showing the executor's details (if the person the assessment is for has passed away) ☐

Essential expenses include (but are not limited to) pharmaceutical costs, medical expenses, private health insurance, ambulance cover, and costs associated with accommodation, household expenses and transportation.

Supporting documentation

- Look for the paperclip icon and provide evidence from date of claim
- No requirement to provide evidence of essential expenses from August 2025

Provide evidence from your financial institution that shows your current account balance, account number and account holder name(s) as at the date written down at question 4. Copies can be provided. ATM slips are not acceptable.

Checklist

Provide a copy of the relevant documents, they do not need to be certified and will not be returned to you.

Based on your answers to the questions, you (and/or your partner) will need to provide the following:	Tick all that apply
Question 7 – **Account statements** of all financial institution accounts held	☐
Question 9 – Evidence that assets have been **gifted**	☐
Question 12 – Recent mortgage statements, rates notice, details of rental income and the outgoings (costs) for any **investment property mortgages**	☐
Question 13 – Valuation certificates or insurance valuations for any **other assets**	☐
Question 15 – Supporting evidence for any **assets that cannot be sold or borrowed against**	☐

Services Australia should phone the care recipient, nominee, executor, or Power of Attorney to clarify outstanding documents required or gain information verbally. Ensure your best contact number is listed. Calls generally come from a No Caller ID number.

Processing guidelines

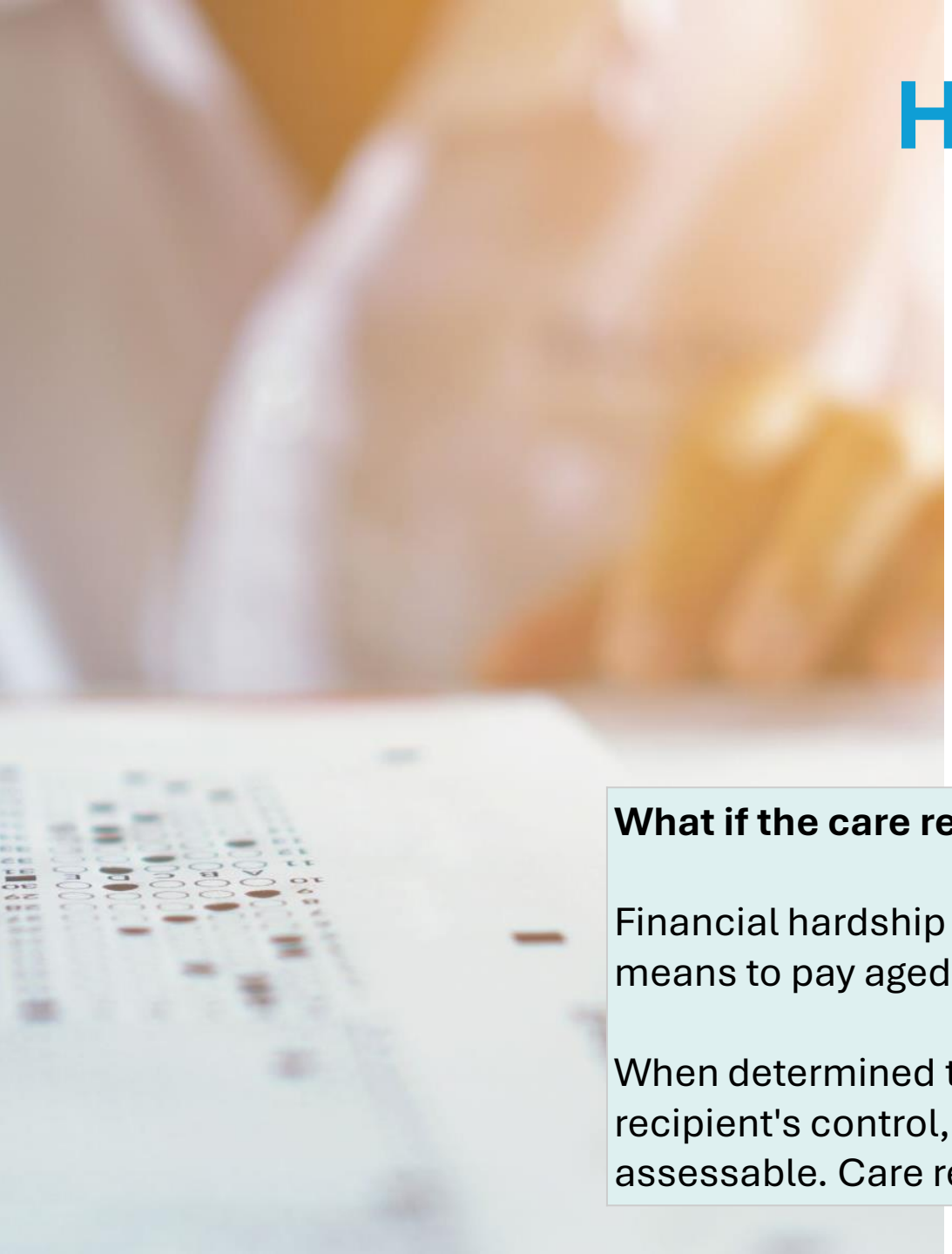
Services Australia will assess participants' application within 28 days. They will let them know in writing of their decision and what assistance they are eligible for.

If the application is approved, the provider will receive subsidies to cover the difference.

From 1 November it is important that the participant inform their provider if they are applying for financial hardship to enable the provider to suspend the collection of fees while the outcome of the application is determined.

If the application is unsuccessful, **the participant will still be required to pay these fees.**

Residential aged care providers are not required to suspend collection of fees while a hardship application is in process.



Hardship tips for participants

- Spreadsheet income and expenses early and save all invoices and proof of payment for essential expenses.
- Ensure all questions are completed as they maybe asked for more information if fields are left blank.
- If participant can't get evidence for an expense, they can still include this in the assessment – Just make it clear this information cannot be obtained.

What if the care recipient has intentionally placed themselves in hardship?

Financial hardship assistance is available to care recipients who do not have sufficient means to pay aged care fees due to circumstances beyond their control.

When determined the circumstances that caused the hardship was not beyond the care recipient's control, such as choosing not to sell an asset, the asset will be treated as assessable. Care recipients or their nominees can request for a review of the decision.

Support available

Encourage to seek independent financial advice, support and or counselling :

- www.moneysmart.gov.au provides information, hints, tips and tools to help people manage your money.
- National Debt Helpline: 1800 007 007 to talk to a financial counsellor

Services Australia:

- Aged Care Specialist Officers
- Financial Information Services
- Home Equity Access Scheme

Older Persons Advocacy Network

- Aged Care Advocacy Line: Free, independent support at 1800 700 600.
- If no informal supports- may be able to help complete SA462

Provider initiated cessation of services

Age Care Rules 149-35 (2)

The circumstances when a provider can cease providing services to an individual are:

the individual:

(i) has not paid to the provider, for a reason within the individual's control, any fee or contribution specified in the service agreement between the individual and the provider; and

(ii) has not negotiated an alternative arrangement with the provider for payment of the fee or contribution; and

(iii) has no application for the fee reduction supplement in place;

Note: The circumstances that a provider may cease delivering funded aged care services must be outlined in the participant's service agreement.

What is the provider required to do?

Aged Care Rules 149-40

If a provider needs to cease the delivery of services, the provider must notify the participant of the decision in writing at least 14 days before services end.

The notice must include:

- The reason for the decision to cease Support at Home services.
- The date the provider will cease the delivery of services.
- Information about the participant's rights in relation to ceasing services, including:

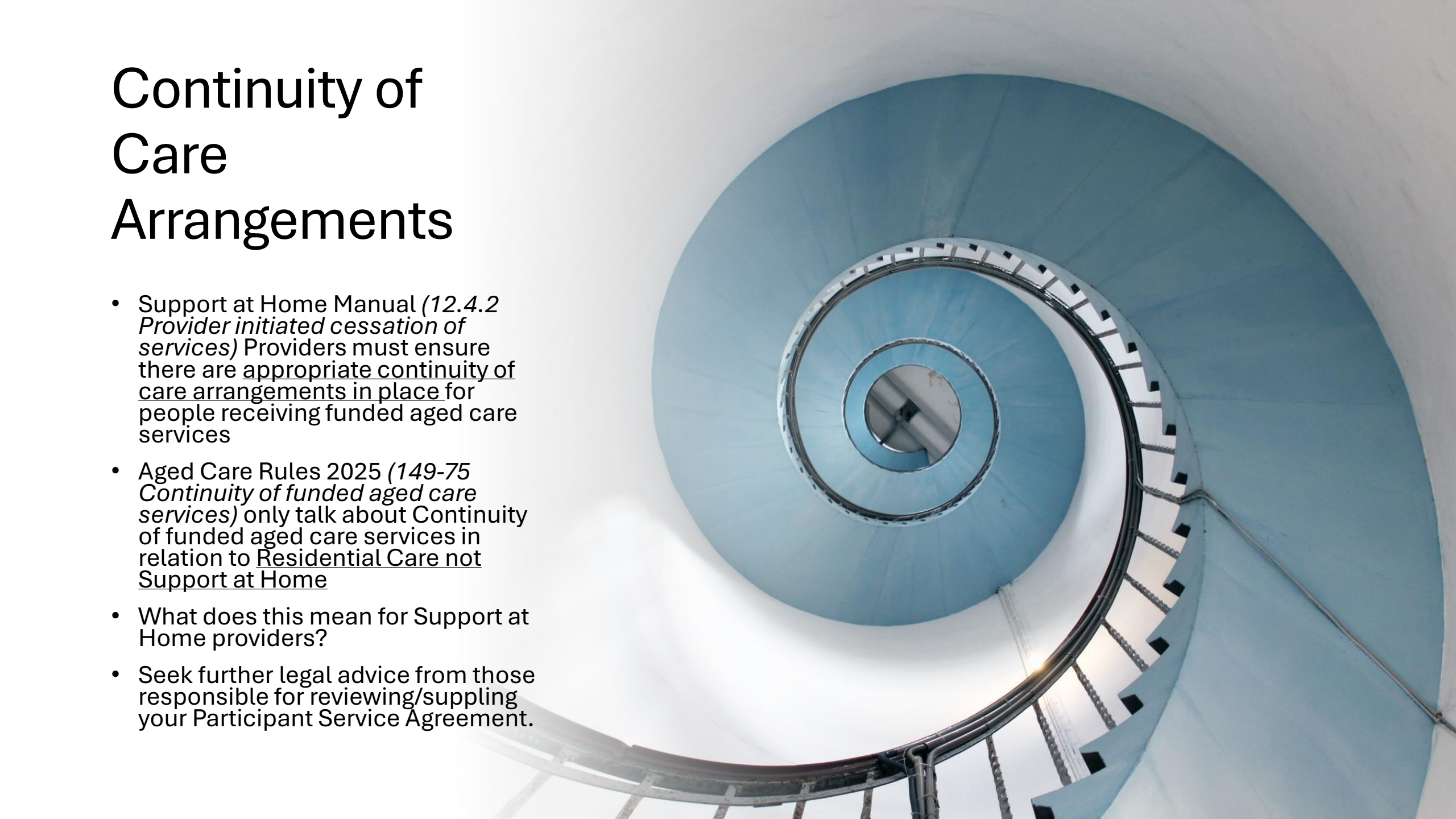
➢ how to make a complaint with the provider

➢ other mechanisms for making and addressing complaints

➢ information about independent aged care advocates

Continuity of Care Arrangements

- Support at Home Manual *(12.4.2 Provider initiated cessation of services)* Providers must ensure there are appropriate continuity of care arrangements in place for people receiving funded aged care services
- Aged Care Rules 2025 *(149-75 Continuity of funded aged care services)* only talk about Continuity of funded aged care services in relation to Residential Care not Support at Home
- What does this mean for Support at Home providers?
- Seek further legal advice from those responsible for reviewing/suppling your Participant Service Agreement.



Thank You

angus.kerr@livewellcare.com.au

03 9429 5380

rosie@weplanfinancial.com.au

03 8526 8961