

How much does a residential aged care home cost in Australia?

If you've made the decision to move into a nursing home – now commonly referred to as residential aged care homes – then you're likely wondering how much it's all going to cost. Clue up in our comprehensive guide to aged care fees.



Making the decision to move into residential aged care is never easy – and then there are the costs to try and navigate. It can often seem overwhelming. Let us help you understand what fees are involved in our comprehensive guide to residential care home costs.

Put simply, the government subsidises the bulk of aged care in Australia but if you can afford some of the costs, you will be asked to contribute.

There are three main costs associated with residential aged care, but not everyone has to pay all three. These are:

- the Basic Daily Fee
- the Means Tested Care fee, and,
- the Accommodation Payment.

These aged care fees and charges will cover your personal care and day-to-day living costs, your accommodation costs including meals, as well as the general upkeep of the home.

Key takeaways:

- Aged care residential fees can be broken down into three main components which we will cover in detail below. You may not be required to pay all three
- A large proportion of your aged care costs will be means tested – this means you only pay what you can afford
- Like any property, the location of the aged care home and its facilities can impact what you pay
- Financial Hardship Assistance is available for those who need it.

Aged care costs explained: What fees will I have to pay for residential aged care?

There are three main components of residential aged care fees (also known as nursing home fees), but not everyone will have to pay all three.

The exact amount you pay will depend on your annual income and the assets you own.

Read on to understand exactly what's involved:

1. The Basic Daily Fee

Who pays it?

Everyone. This component of aged care residential fees is not means-tested, and it applies to every prospective resident.

For some, however, this may be the only fee you are required to pay.

What does it cover?

The Basic Daily Fee covers all your day-to-day living costs in the care home, such as:

- Meals
- Cleaning
- Laundry
- Utilities such as water and electricity
- Basic upkeep of the nursing home, including heating and gardening
- Some leisure activities run from the home for residents

How much is it?

This Basic Daily Fee is 85% of the single-aged pension and is increased twice a year in March and September by the Department of Health and Aged Care.

As of 20 September 2023, the maximum daily fee that a provider can charge is \$60.86.

2. The Means Tested Care Fee

Who pays it?

Those whose income and assets are above a certain amount.

The Means Tested Care fee is different for everyone, and some people will not be required to pay anything at all.

If you are required to pay it, this will be **in addition to the Basic Daily Fee**.

What does it cover?

The Means Tested Care fee is a contribution towards your ongoing **personal care** in the aged care home.

How much is it?

Your Means Tested Care fee will be between \$0 and \$400.08 per day, depending on your income and assets.

You can use the [My Aged Care fee estimator](#) to find out if you need to pay a Means Tested Care fee and get an estimate of what the amount might be.

If the means-tested care fee is applicable, it is capped at an annual amount of **\$32,718.57**. A lifetime cap of **\$78,524.69** also applies.

Note: The maximum Means Tested Care fee changes with indexation and is regularly updated on the [My Aged Care \(MAC\) website](#).

3. The Accommodation Payment

Who pays it?

Those whose income is above \$32,331 and whose assets are valued at more than \$58,500 (20 September 2023).

If your income and assets are below this threshold, the Government will pay for your aged care accommodation costs in full.

If the accommodation payment applies to you, you will need to pay this **in addition to the Basic Daily Fee and the Means Tested Fee.**

What does it cover?

The Accommodation Payment covers all your aged care accommodation costs including your room and board. The amount is set by the residential aged care home.

It also pays for the home's resident services, and the amount can vary greatly depending on the home's facilities and location.

How much is it?

If you are required to pay the Accommodation Payment, there are four ways you can pay.

Depending on which option you choose, the total amount may differ:

1. Choose to pay upfront: The Refundable Accommodation Deposit (RAD)

You may choose to pay for your accommodation as a lump sum and have this amount refunded to you when you leave the care home, a little bit like paying a bond for a rental accommodation.

The average RAD in Australia is around \$470,000 but prices can vary greatly depending on location and the aged care facility. It can be as much as \$1 million in inner city areas.

2. Choose to pay regular instalments with interest: The Daily Accommodation Payment (DAP)

Depending on your personal circumstances, you might prefer to pay for your accommodation in smaller, regular instalments (usually fortnightly or monthly).

Unlike the Refundable Accommodation Payment, the DAP is not refundable and incorporates a special interest set by the Australian Government, called a Maximum Permissible Interest rate (MPIR).

The MPIR changes every quarter and, as of 1 October 2023, is set at 8.15%

Explainer: How does the Maximum Permissible Interest Rate affect my Daily Accommodation Payment (DAP)?

The DAP can be calculated by multiplying the amount of the Refundable Accommodation Deposit (RAD) by the current Maximum Permissible Interest Rate (MPIR), and then dividing this number by 365, i.e.,

$$\text{DAP} = (\text{RAD} \times \% \text{ MPIR}) / 365$$

Note: Once your DAP has been agreed, it is 'locked in' at the current MPIR and any future increases will not affect what you pay while you continue to live in the same care home.

If you decide to move to a different care home however, you will need to consider the current MPIR as your new DAP will be dependent on

3. Choose to pay a combination of the Refundable Accommodation Deposit (RAD) and the Daily Accommodation Payment (DAP)

You might choose to pay a proportion of the lump sum component (the RAD) and have the remainder deducted as a (non-refundable) daily fee (DAP), making your DAP lower.

4. Choose to pay a combination of the Refundable Accommodation Deposit (RAD) and a variable “drawn down” Daily Accommodation Payment (DAP)

This option allows you to pay a partial lump sum component (the RAD) and have your daily fee (the DAP) 'drawn down' from the agreed lump sum amount, reducing the amount available for refund when you leave. In this option, your DAP will be at a variable rate.

Any other aged care costs I should consider?

Some care homes offer additional entertainment and lifestyle services, such as subscription television, outings, or onsite activities. These packaged costs will usually be charged as an 'additional services fee.' Not all care homes offer these services, but for those that do, it is often a condition of entry.

Some aged care facilities (nursing homes) will also have onsite facilities such as a hairdresser, or residents can request an additional meal for a visitor. These can be paid for on a case-by-case basis.

How do I know which Residential Aged Care Home is right for me?

In addition to your assets and income, there are several other factors that can affect how much you pay for your aged care home fees. Consider the following as you search for your new care home:

- **Where do you want to be located?**
Depending on the state or territory in which you live, your aged care home fees may look different. For example, inner city care homes tend to have higher aged care fees associated with them.
- **What level of care do you need?**
If you have one or more complex medical conditions, you may require specialised care which usually incurs a higher cost.
- **What type of accommodation are you after?**
There are many different types of care home accommodation to choose from, from single or shared rooms to luxury suites. Just like with any accommodation, the premium options will be associated with a higher price tag.
- **What facilities would you like to be on offer?**
One of the most wonderful aspects of life in residential care is the wide array of social programs and recreational activities on offer. There will also be different options when it comes to

dining and other services. Consider what will suit you and your interests, and remember, care homes with additional amenities may incur higher fees.

If you're struggling with residential aged care home fees, there is help available.

If you need residential aged care but for reasons beyond your control, cannot afford the necessary fees, there is help available via the [Government's Financial Hardship Assistance program](#).

The Australian Government will pay some, or all, of your fees and charges, providing you meet their eligibility criteria, enabling you to get the care that you need.

To find out if you meet the criteria for Financial Hardship Assistance, visit myagedcare.gov.au/financial-hardship-assistance

Find BaptistCare aged care services near me

If you would like to know more about [BaptistCare residential aged care services](#), why not chat with one of our friendly team – we'd be happy to talk with you about your situation and care needs, and can arrange a tour around your nearest BaptistCare residential aged care home.

Use our simple online search tool to explore [BaptistCare Aged Care Home locations across New South Wales and the ACT](#).

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