Communique to Aged Care Providers

Financial hardship assistance

Background

Financial hardship assistance is available for care recipients if they have difficulty paying the costs for Residential Care, Home Care Packages or Respite Care.

A care recipient’s fees and charges may be reduced or waived, depending on their individual circumstances, in which case the Australian Government may pay some, or all, of their fees and charges on their behalf. Financial hardship assistance is granted where a care recipient does not have sufficient income or assets to pay their costs of care due to circumstances beyond the care recipient’s control, such as where a resident has essential medical expenses not covered by their aged care fees, and not due to choices they have made (such as giving away their assets as per the legislated gifting rules).

Residential Care recipients may receive financial hardship assistance for all, or part of, their basic daily fee, means tested care fees and/or accommodation costs. Financial hardship assistance is not granted for extra service fees. If a care recipient was in care prior to 1 July 2014 and occupies an extra service place, they will not be eligible for any financial hardship assistance.

Home Care Package recipients may receive financial hardship assistance for their basic daily fee and/or income-tested care fee if the care recipient started receiving a Home Care Package on or after 1 July 2014. Care recipients who commenced a Home Care Package before 1 July 2014 are not eligible for financial hardship assistance.

Does the application for financial hardship assistance have to be made when the care recipient first enters care?

No. However the care recipient should apply for financial hardship assistance as soon as they experience financial difficulties as applications are generally considered from the date they are received and are only backdated in special circumstances.

How long will financial hardship assistance be granted for?

There is no set period however, financial hardship assistance is time limited based on the individual’s circumstances.

What happens if the care recipient is still in financial hardship at the end of the approved period?

A care recipient must reapply for financial hardship assistance if they require ongoing assistance. It is important for a care recipient to lodge an application for financial hardship assistance prior to the cessation of any current financial hardship assistance to ensure that, if approved, the financial assistance is continuous.

The provider and care recipient are notified in writing of the approved financial hardship assistance period when the application is approved. Reminder notifications of the cessation date of financial hardship assistance are not issued by the Department.

How long does it take to assess an application?

After the care recipient lodges a financial hardship application the department will assess whether further information is required to assist in making a decision. Any extra information required has to be provided to the department within 28 days of the department requesting the information or the claim is taken to be withdrawn – this is specified in the request and the legislation. Once the department is in receipt of all the required information a determination must be made within 28 days.
How can a care recipient ensure prompt consideration of their application?

The care recipient will need to provide the department with documentary evidence of their aged care costs and essential expenses and/or any unrealisable assets. If documentary evidence is not provided with the application form, the department will issue a request for further information. Expenses and unrealisable assets without documentary evidence will not be accepted as part of the application.

A person’s assets and income are taken into consideration when they apply for Financial Hardship for Residential Care, Home Care and Respite Care.

A resident in residential care will need to have completed the Combined Assets and Income Assessment form (SA457).

A home care consumer in recipient of a means tested income support payment will need to provide their asset details in the Claim for Financial Hardship Assistance - Home Care and Residential Respite Care form (SA462). A self-funded retiree or someone not in receipt of a means tested income support payment will need to fill in the Aged Care Fees Income Assessment form (SA456) and provide their asset details in the Claim for Financial Hardship Assistance - Home Care and Residential Respite Care form (SA462).

How is an application assessed?

The care recipient’s assets and income are assessed in conjunction with their claimed and verified expenses to determine whether the payment of their aged care costs would cause the care recipient financial hardship. Each case is assessed on an individual basis, taking into consideration a range of issues which may be unique to the care recipient. A decision can then be made to grant or reject the claim for financial hardship assistance.

If financial hardship assistance is granted, the department must determine the period the assistance will cover. This commencement date is set after considering a number of factors and will be either the date the department received the claim, the care recipient’s date of entry into care, or the date the care recipient first experienced financial hardship.

How is the provider advised of the outcome of an application?

Once the application for financial hardship assistance is determined, the department will issue letters to advise the provider and the care recipient of the assessment result.

If financial hardship assistance is approved, how will the provider be paid for the care recipient’s costs of care?

If a care recipient is granted financial hardship assistance, an amount will be paid to the provider on their behalf by the government by way of a hardship supplement. The amount the government pays on behalf of the care recipient will depend on the amount of financial assistance granted. It may cover some, or all, of the care recipient’s fees and accommodation costs. The care recipient will be responsible for paying any portion of their fees and accommodation costs that are not paid by the government on their behalf.

Care recipients will be required to pay their fees and accommodation costs until such time as financial hardship assistance is granted.
When will the provider receive the hardship supplement?

The provider will receive the hardship supplement in the month following the grant of financial hardship assistance. The picture below provides an example. In the example, financial hardship assistance is approved in June with start date in May. The hardship supplement appears for the first time in the payment statement for the June claim month.

Further Information

Read more about:


A Guide to Completing the Application for Financial Hardship Assistance for Aged Care is available to care recipients and their nominees to help them understand the application process and requirements.


To apply for financial hardship assistance, care recipients can download and complete the following: