

Residential Care Subsidy

Financial assistance for people in rest homes or hospitals

Introduction

If you need long-term residential care in a rest home or hospital, you may qualify for the Residential Care Subsidy from the Ministry of Health.

The Residential Care Subsidy provides financial assistance towards the costs associated with long-term residential care in a rest home or hospital.

Work and Income is responsible for assessing the assets and income of those who apply for the Residential Care Subsidy. This is called a financial means assessment.

The Ministry of Health assesses all other aspects of eligibility, including the start date of the subsidy payments to your rest home or hospital.

Important

If you are aged 50-64 years, single and have no dependent child, your eligibility for the Residential Care Subsidy can be backdated to one of the following, whichever is later:

- 1 July 2005
- the date you were needs assessed as requiring care
- the date you entered care.

If you are aged 65 years or older, your eligibility for the Residential Care Subsidy can only be backdated up to 90 days before the date your application for a financial means assessment is received by Work and Income.

Can I get the Residential Care Subsidy?

You may be able to get the Residential Care Subsidy if you:

- have had an assessment of your individual needs that confirms you need long-term residential care in a rest home or hospital *and*
- need this care for an indefinite length of time *and*
- are aged 50-64 years, are single and have no dependent child (you automatically meet the asset test for the Residential Care Subsidy) OR you are aged 65 years or older and your assets are within certain limits *and*
- are receiving contracted care services.

You will not qualify for Residential Care Subsidy and will need to contact the Ministry of Health direct if you are aged:

- under 50 years and single, or
- under 65 years and have a partner or dependant child.

How do I apply?

You will need to get in touch with a needs assessor in your area. If you would like the name of someone you can contact, call the Ministry of Health's Information Line on **0800 737 777**.

The Process

- Contact your local District Health Board or Needs Assessment Service Co-ordination agency to arrange a needs assessment.
- An assessor will determine what level of care you require, and complete the Needs Assessment Certificate.
- If you require long term residential care, and you need help to pay the rest home or hospital fees, you can request the Residential Care Subsidy Application for Financial Means Assessment form from the needs assessor.

Aged 50-64

- If you are aged 50-64 years, single and have no dependent child then you need to return the form to Work and Income. You automatically meet the asset test for the Residential Care Subsidy.
- If you automatically meet the asset test, or your assets are within the threshold, Work and Income then completes a financial means assessment of your income. This is to determine the amount that you will need to contribute to the cost of your care.
- In all cases, Work and Income will notify you, the Ministry of Health, the funder (DHB) and your rest home of the outcome of the financial means assessment.

Aged 65 years or over

- If you are aged 65 years or older you need to return the application form to Work and Income within 90 days of the date you want the Residential Care Subsidy to start.
- Work and Income completes a financial means assessment of your assets to see if you are within the threshold.
- If you automatically meet the asset test, or your assets are within the threshold, Work and Income then completes a financial means assessment of your income. This is to determine the amount that you will need to contribute to the cost of your care.

Or

If your assets are above the threshold because you own your own home then you may apply for the Residential Care Loan to assist with the cost of your care. There is an additional form for this.

- In all cases, Work and Income will notify you, the Ministry of Health, the funder (DHB) and your rest home of the outcome of the financial means assessment.

Assets

If you are aged 65 years or older, to qualify for the Residential Care Subsidy the value of your assets must be equal to or below the appropriate threshold for your circumstances.

From 1 July 2008, people who:

- do not have a partner or
- have a partner who is also in long-term residential care

must have assets valued at **\$180,000** or less to qualify for the Residential Care Subsidy. From 1 July 2008, people who have a partner who is **not** in care will have a threshold of:

- **\$85,000** not including the value of their house* and car

or can choose a threshold of:

- \$180,000 which will include the value of their house and car.

Both asset thresholds increase by \$10,000 on 1 July each year.

* The house is only exempt from the financial means assessment when it is the principal place of residence of the partner who is not in care or a dependent child.

Assets we count include:

- cash or savings
- investments or shares
- loans made to other people (including family trusts)
- boats, caravans and campervans
- investment properties
- your house and car (under certain circumstances).

Assets we do **not** count include:

- pre-paid funeral expenses for you and your partner of up to \$10,000 each
- personal belongings such as clothing and jewellery
- household furniture and effects.

Family home and personal vehicle

Your family home and personal vehicle are included as assets in the financial means assessment if:

- you do not have a partner *or*
- both you and your partner are in long-term residential care *or*

- your partner is not in long-term residential care but you have chosen to have your assets assessed against the **\$180,000** asset threshold.

Gifting of assets

If you or your partner give away assets, these may be gifts and could be counted as assets in your financial means assessment.

Allowable gifting of up to \$5,000 per year made in the five years before you apply for a financial means assessment can be excluded from the financial means assessment.

The gifting limit of \$5,000 per year applies to each application for the Residential Care Subsidy.

For example, if both you and your partner apply for the Residential Care Subsidy then gifts of \$5,000 each per year can be excluded from the financial means assessment.

Please note the gifting limits for the Residential Care Subsidy are different from those used by Inland Revenue for tax purposes.

Gifts in recognition of care

Gifts in recognition of care of up to \$5,000 for each year of care provided can be made by the person applying for a financial means assessment.

A gift made in recognition of care may also be excluded from the financial means assessment if it is made in the 12 months before the date of financial means assessment and meets certain other criteria.

Gifts made in recognition of care together with any other gifts must not exceed \$25,000 in the five year gifting period.

Income

There are no limits on the income you can earn – but any income that you and your partner receive will be assessed to determine the amount you contribute towards the cost of your care (up to a maximum weekly amount for your region set by the Director-General of Health). Income includes:

- New Zealand Superannuation, Veteran's Pension or any other benefit
- 50% of private superannuation payments
- 50% of life insurance annuities
- overseas Government pensions
- contributions from relatives
- earnings from interest and bank accounts, investments, business or employment
- income from a family trust, trust or estate.

Income does **not** include:

- any money that your partner has earned through employment
- income from assets under:
 - \$854 a year for single people
 - \$1,707 a year for a couple when both have been assessed as requiring care
 - \$2,560 a year for a couple where one partner has been assessed as requiring care
- a War Disablement Pension from New Zealand or any other Commonwealth country.

Payments

The Residential Care Subsidy is paid directly to the rest home or hospital by the Ministry of Health. The amount of subsidy that is paid is the difference between the cost of your care and your assessed income contribution. Please talk with your rest home or hospital if you are unsure what is included in the cost of your care. Generally, your income contribution is calculated using your annual income at the date you applied for a financial means assessment.

If you receive New Zealand Superannuation, the Veteran's Pension or any other benefit, most of this will go towards your care. You are able to keep a personal allowance of \$34.87 a week. You will also receive a clothing allowance of \$246.91 a year.

You must continue to pay for your care until it is established that you are financially eligible for the Residential Care Subsidy.

If you have a partner living at home your partner may get the Special Disability Allowance of \$34.87 a week to help with extra costs.

If your partner receives a benefit or pension they will also receive an increase in their payments.

If your partner receives New Zealand Superannuation or the Veteran's Pension they may qualify for the **Living Alone Payment** as well.

If your partner is not currently receiving any payments from us they may qualify for income support after you go into care.

Residential Care Loan

If your assets are above the threshold because you own your own home, and you have limited cash or other assets (excluding your home), you may be able to get an interest-free loan to help pay for your care.

Generally the asset limits for a loan are \$15,000 if you are single or \$30,000 if you are a couple both in care.

The loan is repayable when you sell your home, or 6 months after your death, whichever is the earliest.

If you want to apply for an interest-free loan there is an additional form to be completed.

The form is available from the needs assessor or the Residential Subsidy Unit and is titled Residential Care Loan Application.

Extra Financial Assistance may be available from Work and Income:

- Community Services Card
- Living Alone Payment for your partner if they are in the community
- Special Needs Grants and Advance Payment of Benefit for essential items for example dentures, glasses or hearing aids
- Funeral Grant.

If you have any questions, call the Residential Subsidy Unit on **0800 999 727** from 8am to 5pm Monday to Friday, or you can fax us on **0800 999 199**, or contact your nearest Service Centre.

If you are deaf or find it hard to communicate by phone, you can send a message to our Deaf Link free-fax on **0800 621 621** or email **MSD_Deaf_Services@msd.govt.nz**

For more information visit:

Work and Income website

www.workandincome.govt.nz

Ministry of Health website

www.moh.govt.nz/olderpeople