



MINISTRY OF  
HEALTH

MANATU HAUORA

**Looking at  
Long-term  
Residential Care  
in a Rest Home or Hospital  
What you need to know**

2007

Effective from March 2007

## Important information and disclaimer

The information presented in this document is a summary version of the requirements relating to long-term residential care for older people as set out in Part 4 and Schedule 27 of the Social Security Act 1964. This information does not constitute legal advice to the public and is not a substitute for legal advice particularly when personal issues must be addressed.

For further information readers should consult the Social Security Act 1964, (the Act), the regulations made under the Act (the Regulations), and the District Health Board (DHB) contract; and talk to the DHB or relevant agencies. In the event of any conflict or inconsistency between the information in this document and the Act, the Regulations or the contract, the Act, the Regulations or the contract prevail.

Citation: Ministry of Health. 2007. *Looking at Long-term Residential Care in a Rest Home or Hospital: What you need to know.*  
Wellington: Ministry of Health.

Published in March 2007 by the Ministry of Health  
PO Box 5013, Wellington, New Zealand  
ISBN 978-0-478-30745-0 (Print)  
ISBN 948-0-478-30746-7 (Online)  
HP 4359

This document is available on the Ministry of Health's website:  
<http://www.moh.govt.nz>



MANATU HAUORA

# Introduction

This booklet provides information about long-term residential care in a rest home or continuing care hospital. It outlines the steps you must take to access care and to determine whether you qualify for financial assistance from the Government to help pay for it.

It includes information on:

- the steps to take when you are considering long-term residential care
- the needs assessment and service co-ordination process (to assess your needs and whether these can be met in the community or with long-term residential care)
- the financial means assessment (to assess whether you qualify for financial help through the Residential Care Subsidy)
- changes to asset thresholds (which enable people to retain more of their assets while still qualifying for a Residential Care Subsidy)
- who is eligible for a Residential Care Subsidy
- how much you must contribute to the cost of your care
- residential care loans
- what services you can expect from a rest home or hospital
- complaints or queries
- where to go for further information.

## Privacy and confidentiality

Any medical and financial information you provide as part of a needs assessment or a financial means assessment is private and confidential, and will be used only for the purpose of your residential care assessment.

# 1. ‘What steps do I take when I am considering long-term residential care?’

- a. Ask to have your *needs assessed* by your District Health Board (DHB) or by a Needs Assessment Service Co-ordination (NASC) agency. Do this by:
  - asking your doctor, hospital, social worker or other health provider to arrange for your assessment – which may include specialist geriatric assessment – or to provide you with details on who to contact  
or
  - phoning your local DHB and ask to be put through to a Needs Assessment Service Co-ordinator  
or
  - choosing your local NASC agency by checking the list of NASC agencies on the Ministry of Health website:  
[www.moh.govt.nz/assettesting](http://www.moh.govt.nz/assettesting)
- b. If your *needs assessment* determines that you need long-term care in a rest home or continuing care hospital, and you want to apply for the Residential Care Subsidy, your needs assessor will give you a Residential Care Subsidy form so you can apply to Work and Income for a financial means assessment.

It is important to send in your *financial means assessment application form* as soon as possible, even if you can not supply all the papers required by Work and Income,

as eligibility for the Residential Care Subsidy can only be back-dated for up to 90 days before the date of the means assessment.

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

- c. If the *financial means assessment* shows that your assets are **equal to or below** the applicable asset thresholds, you qualify for government funding through the Residential Care Subsidy. You then pay only the assessed contribution (as advised by Work and Income) from your income to the cost of contracted care provided to you. If you do not qualify for the Residential Care Subsidy, you may qualify for a *residential care loan* (see section 5). You can apply for this through Work and Income.
- d. If you are aged 50–64 years and single with no dependent children, the Residential Care Subsidy is not asset tested and starts from whichever of the following is the later:
  - the date you were *needs assessed* as requiring long-term residential careor
  - the date you entered the rest home or hospital.

## 2. Needs assessment and service co-ordination

A *needs assessment* will assess:

- your health needs (which may include specialist geriatric assessment) and support needs
- whether you can be supported to continue living at home, or need ongoing, long-term residential care
- the level of care you need – rest home, dementia or continuing hospital care.

A *service co-ordinator* will assess whether those needs can be met through community care or in a rest home or continuing care hospital. The *service co-ordinator* can also help with information about appropriate facilities in your area.

A *needs assessment* can only be carried out by your DHB or a NASC (as per section 1) contracted and funded to provide services to the DHB. If you are hospitalised due to illness or injury, that (general) hospital may arrange a *needs assessment* for you.

### 3. The financial means assessment (asset and income testing)

Once it has been established that you need long-term care in a rest home or hospital, you can apply for a *financial means assessment*.

Your *financial means assessment* will determine whether (based on your assets and income) you qualify for government funding through the Residential Care Subsidy.

Work and Income completes the *financial means assessment*.

#### Asset thresholds

To qualify for the Residential Care Subsidy you need to have assets **equal to or below** those described in the following table.

	<b>Allowable asset level from 1 July 2006</b>	<b>Allowable asset level from 1 July 2007</b>
Single person 65+	\$160,000 of assets	\$170,000 of assets
Couple 65+ (where both are in long-term residential care)	\$160,000 of assets (per couple)	\$170,000 of assets (per couple)
Couple 65+ (where only one is in long-term residential care)	EITHER \$65,000 plus house and car, OR a total asset level of \$160,000	EITHER \$75,000 plus house and car, OR a total asset level of \$170,000
Single people 50–64 requiring care (and with no dependent children)	No longer require asset testing (but are income tested)	No longer require asset testing (but are income tested)

All the applicable asset thresholds increase by \$10,000 on 1 July each year.

For example: a widowed or single person aged 65+ in care will, from 1 July 2007, if means assessed, be able to retain assets up to \$170,000; from July 2008, up to \$180,000, and so on.

To qualify for the Residential Care Subsidy your assets must be **equal to or below** the applicable threshold.

## Income assessment

If your assets are within the asset threshold, Work and Income will assess your income to show how much will go towards the cost of your care.

The income assessment does **not** include:

- the first \$805 per person per year earnings or interest from assets<sup>1</sup>  
(\$1,610 per couple both in care; \$2,415 per year for couples with one partner in care)
- for couples with one partner in care, any income from paid employment of the partner living in the community.

People aged 50–64 (who are single and with no dependent children) requiring residential care have their income assessed to determine what they can contribute to their care costs.

For more details on what assets you can retain (including treatment of family trusts) and how much income you can earn, call the Work and Income Residential Care Subsidy Unit on 0800 999 727 for a copy of their booklet Residential Care Subsidy, or access it via their website: [www.workandincome.govt.nz/documents/brochures/residential-care-subsidy.pdf](http://www.workandincome.govt.nz/documents/brochures/residential-care-subsidy.pdf).

---

1 The income-from-assets exemption is CPI-adjusted on 1 July each year.

## 4. ‘Who can get the Residential Care Subsidy?’

To be eligible for government funding through the Residential Care Subsidy you need to:

- be eligible for publicly funded health or disability services (such as being a New Zealand citizen or resident)<sup>2</sup>
- be aged 65 or older, or aged 50–64 and single with no dependent children
- have a *needs assessment* that shows you need ongoing, long-term residential care in a rest home or hospital
- have a *financial means assessment* that shows that your *assets* are **equal to or below** the applicable asset thresholds and how much of your income will go towards your care costs (except those aged 50–64, who are not asset tested)
- receive contracted care services provided by a rest home or hospital that is certified – complying with the Health and Disability Services (Safety) Act 2001 – and that has a contract with a DHB.

If you want to receive care in a rest home or continuing care hospital that does not have a contract with a DHB (or does not have any DHB-contracted beds available) you will need to pay for your care privately – it will not be government subsidised.

---

2 You must be eligible for publicly funded health and disability services in terms of the Eligibility Direction issued under the New Zealand Public Health and Disability Act 2000.

Check with your local NASC (see section 1) to confirm if the facility you prefer has a DHB contract to provide aged residential care.

## People already in care

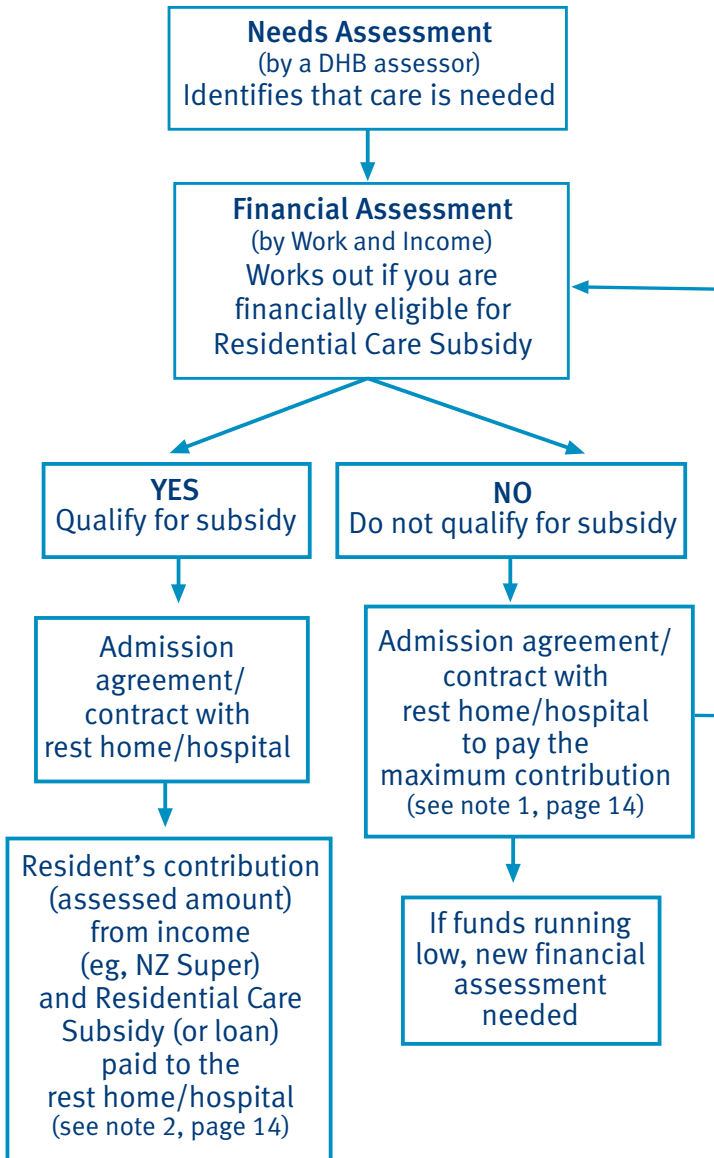
If you didn't qualify for a subsidy before because your assets were above the asset threshold, and you think you may now meet the applicable asset thresholds, or your circumstances have changed, you may wish to ask for a review of your *financial means assessment*.

You can ask Work and Income for a *financial means assessment* at any time, if you have not already had one, or ask for an application form for a review of your means assessment.

However, if you have never had a *needs assessment* you will need to do this before you can apply for a *financial means assessment* to see if you now qualify for government funding through the Residential Care Subsidy.

If you or a family member or friend want to see if the recent Income and Asset Testing changes affect you, check the Ministry of Health website: [www.moh.govt.nz/assettesting](http://www.moh.govt.nz/assettesting) or phone the Information Line on 0800 737 777.

# Residential Care Subsidy



### Note 1

Where the DHB contract price of care in a region is greater than the maximum contribution per week in that region and if the DHB is satisfied that the level of provided care meets your needs, it pays the difference in cost of contracted care services. The maximum contribution varies between regions and is equal to the most recent DHB contract price for rest home care.

The maximum contribution is the same for all residents, regardless of the level of care they need; except if care is received from a provider that does not have a DHB contract for long-term residential care.

### Note 2

Resident contributes most of their NZ superannuation except for a personal allowance of \$31.85 a week (\$32.69 from 1 April 2007) and receives an annual clothing allowance of \$225.55 (\$231.48 from 1 April 2007). (Consumers Price Index-adjusted every April.)

## 5. Paying for your care costs

**YES – ‘I am eligible for the Residential Care Subsidy – how much do I have to pay towards my care costs?’**

If you qualify for government funding through the Residential Care Subsidy you will still need to contribute towards the cost of your care from any income you receive.

What you must pay is set by the *financial means assessment*. Any benefit or pension – such as your New Zealand superannuation – plus any income you receive will go towards the cost of your care, except for a weekly personal allowance of \$31.85 (\$32.69 from 1 April 2007) and an annual clothing grant of \$225.55 (\$231.48 from 1 April 2007) (both adjusted to the Consumers Price Index every April) and the first \$805 gross from your annual income from assets (\$1,610 per couple both in care; \$2,415 for couples with one in care) (CPI-adjusted every July).

It is a good idea to check that your preferred rest home or hospital has beds available for subsidised residents and has a DHB contract to provide aged residential care. Your Residential Care Subsidy (paid direct to the rest home or continuing care hospital) will make up the difference between what you pay, as set by the *financial means assessment*, and the price of care that is agreed between your rest home or continuing care hospital and the DHB under the DHB/provider contract.

## NO – ‘I am not eligible for the Residential Care Subsidy – how much do I have to pay towards my care costs?’

The maximum contribution was set at \$636 per week in 1994 and did not change between then and 30 June 2005. Since 1 July 2005 the maximum contribution has been set by notice in the *New Zealand Gazette*<sup>3</sup> and will change in line with changes to the contract price for rest home care that DHBs pay providers in your region. The maximum contribution amount varies between regions, as DHB contract prices vary across the country.

If you are not eligible for government funding through the Residential Care Subsidy, you will not have to pay more than the current maximum contribution per week (if you have been *needs assessed* as requiring long-term residential care and if your rest home or continuing care hospital has a contract with a DHB).

You should not be charged more than the maximum contribution per week (whether or not you qualify for the Residential Care Subsidy) for contracted care services as set out in the DHB/provider contract.

If you have been *needs assessed*, are receiving contracted care services and your rest home or hospital has a contract with a DHB that sets the weekly price of care higher than the

---

3 Officially published government notices. A copy of the current maximum contribution amounts applying in each region can be found on the Ministry of Health website [www.moh.govt.nz/assettesting](http://www.moh.govt.nz/assettesting) or obtained from your local DHB Needs Assessment Service Co-ordination agency.

Government's maximum contribution, the DHB will pay the difference. This applies no matter which level of care you have been assessed as needing – rest home, dementia, or hospital. This is a 'top-up' subsidy paid directly to the residential care providers and applies whether or not you are eligible for government funding through the Residential Care Subsidy.

You will only pay more than the maximum contribution if you have agreed in writing with the rest home or continuing care hospital to pay for *additional services* (those that are not *contracted care services* as set out in the DHB/provider contract – see section 6).

Please note that DHBs will only pay to the level that they are satisfied meets your assessed care needs. For example: if you need rest home care the DHB would only pay for that level of care and would not pay hospital level care prices.

## Residential Care Loan

People whose assets are over the applicable asset threshold because they own their former home may be eligible for an interest-free residential care loan if they meet the criteria.

The loan is secured by a caveat over a person's house and becomes payable back to the government when the person dies or the house is sold.

For information about the residential care loan scheme, check the Work and Income website [www.workandincome.govt.nz](http://www.workandincome.govt.nz) or talk to your local Work and Income office, or phone the Residential Care Subsidy unit on 0800 999 727. The residential care loan scheme policy can be found on the Ministry of Health website at [www.moh.govt.nz/assettesting](http://www.moh.govt.nz/assettesting)

## 6. Contracted care services

The DHB contract with your rest home or hospital requires that your care services meet your individual assessed needs. It requires that the services provided:

- are ‘resident centred’ and ‘promote the independence and quality of life of residents’
- are those needed for your care, including:
  - accommodation
  - food services
  - laundry
  - nursing care
  - general equipment for mobility and personal care
  - general practitioner (GP) visits
  - prescribed medication (normally from the official Pharmac list)
  - continence products
  - all health care that is prescribed by a GP.

The current contract can be found on District Health Boards New Zealand (DHBNZ) website: [www.dhbnz.org.nz](http://www.dhbnz.org.nz) or on your local District Health Board website. The contract is called the Age Related Residential Care (ARRC) contract.

## Your admission agreement or contract

It is a good idea to have someone independent of the rest home or hospital such as a relative, friend, nominated power of attorney or lawyer look at any agreement or contract you are offered with your rest home or hospital before you sign it.

You may also choose to have someone to support you if you want to discuss any aspects of an agreement with your rest home or hospital.

The agreement (or contract) that you sign with your rest home should set out both what services you can expect and what the *additional services* are that you would have to pay for. You have the right to refuse all (or any) additional services offered and this should be noted in your admission agreement or other agreement or contract.

If you qualify for government funding through the Residential Care Subsidy, or a ‘top-up’ subsidy, your rest home cannot charge you for any service you receive that is already part of its contract with a DHB (*contracted care services*), only for *additional services* that are not *contracted care services*.

For example, if you require a piece of equipment to aid care and mobility, then the room needs to be large enough for that equipment. There should be no extra charge for the larger room.

## Additional services and who pays

You will need to pay for some services and personal items yourself (either directly or by providing money to your rest home or hospital so they can purchase the services or goods on your behalf) just as you would if you were living independently in the community. Such services and personal items might include:

- specialist visits where these are not funded by the DHB (ie, that are not publicly funded)
- transport to services (not related to health needs), or to outside social functions
- toll calls (made by you personally)
- your own private phone or cellphone
- newspapers, books and magazines (personal)
- insurance for personal belongings
- personal clothing items and footwear
- personal toiletries
- recreational activities, where these are not part of the normal programme
- hairdresser
- dietician, podiatrist or other services not prescribed by a doctor or not funded by the DHB
- spectacles, hearing aids and dental care.

You may qualify for other government funding if you hold a Community Services Card, High User Health Card, or if you belong to a PHO (Primary Health Organisation) or through ACC.

## 7. Complaints/queries

It is okay to talk about any aspect of your care that concerns you or your family/whānau. Dealing with a small issue early can prevent a larger problem.

If you believe the care is not up to standard you can express your concern to your residential care provider. It is useful to check your *admission agreement* or *private contract* with the provider to see what you have agreed to, and also what complaints processes the provider has in place. (All rest homes and hospitals are required to have a complaints process.) The next step is to talk directly with the manager/owner. If you are uncomfortable with this you may want to have a family member, friend or health advocate with you for support.

If you are not satisfied after speaking to the provider, then for:

- concerns about **quality of care**, contact the Health and Disability Commissioner
- concerns about what **contracted care services** the provider must provide to a resident, contact your local DHB (or Residential Care Line for Auckland and Northland residents)
- concerns about **costs**, go back to your admission agreement which should specify all charges
- **financial issues** that you are not able to resolve with a facility, you can seek redress through the Disputes Tribunal, a user-friendly process that does not involve lawyers. You may wish to ask a family member or friend to do this for you.

Other options include the Commerce Commission or the Consumers' Institute (you must be a paid-up member to get advice from the Institute).

### Who to contact:

Health advocates - Northern region	0800 555 050
Health advocates - Central region	0800 423 638
Health advocates - Southern region	0800 377 766
Health and Disability Commissioner	0800 11 22 33
Information Line	0800 737 777
District Health Board	contact your local DHB or NASC agency
Commerce Commission	0800 943 600
Disputes Tribunal	contact your local District Court
Residential Care Subsidy Unit	0800 999 727
Ministry of Health	0800 113 813

## 8. More information sources

Residents of Auckland and Northland can phone Residential Care Line for information on community support and residential care.

Ministry of Health website: [www.moh.govt.nz/olderpeople](http://www.moh.govt.nz/olderpeople)

Work and Income website: [www.workandincome.govt.nz](http://www.workandincome.govt.nz)

You can get extra copies of the booklet *Looking at Long-term Residential Care in a Rest Home or Hospital: What you need to know*, (quote HP 4359) by:

- calling Wickliffe Ltd on (04) 496 2277
- emailing: [moh@wickliffe.co.nz](mailto:moh@wickliffe.co.nz)
- writing to Ministry of Health Publications, c/o Wickliffe Ltd, PO Box 932, Dunedin.

You'll find government legislation relating to residential care on the Parliament website:

[www.parliament.nz/en-NZ/PB/Legislation](http://www.parliament.nz/en-NZ/PB/Legislation) (or you can purchase the Act at Bennett's Government Bookshops).



MINISTRY OF  
HEALTH

MANATU HAUORA