



From the CEO's desk



**Aged Care Changes Explained
February 2025**

This year we will see the biggest changes impacting aged care since the passing of the first Aged Care Act in 1997. The volume of the changes for both consumers and providers are almost inconceivable. Over the next few months each article will focus on one or two elements that are of significance either for residents or providers.

Increased Accommodation Prices

From the 1st January 2025 the Maximum Accommodation Price for a Refundable Accommodation Deposit, or Daily Accommodation Payment has increased for the first time since 2014. That price has increased from \$550,000 to \$750,000 or \$126.88 to \$173.01 per day. This does not include other fees and charges such as the Basic Daily Care Fee. From this year that price will also be indexed annually on the 1st July to the consumer price index.

New RAD Retention Requirements

From 1 July 2025, providers will be required to keep a small portion of each new RAD, with the amount of retention capped at 5 years to protect residents who remain in care for a long time. The amount retained would be calculated based on a retention rate of 2% per annum of the RAD balance, with the amount debited monthly. So, over a five-year period if a person were to pay \$750,000 then \$75,000 would be deducted and kept by the provider. This is reinstating a process that was ceased in 2014.

Introduction of the Hotelling Contribution

From 1 July 2025, new aged care residents will be asked to pay a means-tested payment of up to \$12.55 a day to help cover everyday living costs such as meals, cleaning and laundry. This is currently paid by the government.

Fully and partially supported residents will not pay the Hotelling Contribution as their means tested amount is below the applicable thresholds.

Non-Clinical Care Contribution (NCCC)

From 1 July 2025, new aged care residents may be asked to pay a Non-Clinical Care Contribution (NCCC) to cover the cost of bathing, mobility assistance and provision of lifestyle activities. This will replace the means tested care fee. The daily NCCC is calculated as a resident's means tested amount, less the sum of the maximum accommodation supplement (currently \$69.49 per day) and the maximum Hotelling Contribution (currently \$12.55 per day), up to a maximum daily NCCC of \$101.16 per day.

A lifetime cap will apply to the NCCC. Aged care residents will no longer be required to pay the NCCC when they reach \$130,000 in total contributions, or after 4 years, whichever occurs first.

For more information go to our Website: [holyfamilyservices.com.au](https://www.holyfamilyservices.com.au)