



**MINISTRY OF SOCIAL
DEVELOPMENT**

TE MANATŪ WHAKAHIATO ORA

26 FEB 2021

On 1 February 2021, you wrote to the Minister for Social Development and Employment, Hon Carmel Sepuloni, requesting, under the Official Information Act 1982 (the Act), the following information:

- *In what year did the NZ government begin subsidising private retirement villages with taxpayer's money?*
- *Exactly how much taxpayer's money has so far been spent on subsidising profit driven private retirement villages since the NZ Government began subsidising these villages?*
- *If possible, add a detailed breakdown of each retirement village and how much money (subsidised by the taxpayer's money) has each retirement village received?*

On 11 February 2021, your request was transferred to the Ministry of Social Development (the Ministry) to respond to, as the request is of an operational nature.

The Ministry provides assistance with the Residential Care Subsidy (RCS). This is a subsidy paid through the District Health Boards by the Ministry of Health. The subsidy assists with the cost of contracted care for a client in long-term residential care in a hospital or rest home indefinitely. Generally, the amount of subsidy is the difference between the cost of contracted care and the amount a client is required to contribute for that care.

The Ministry is responsible for the Financial Means Assessment, which is an asset and income test used to determine the eligibility for those wishing to apply for the RCS. The Financial Means Assessment supports the purpose of the Residential Care and Disability Support Service Act 2018, that where appropriate, people should use the resources available to them before seeking assistance under this Act.

If you want to learn more about the RCS, please visit the following link: www.workandincome.govt.nz/products/a-z-benefits/residential-care-subsidy.html. You can also find the information from the Work and Income website enclosed in your response.

The Ministry is not responsible for funding retirement villages, therefore I am refusing your request in full under section 18(g) of the Act as the information you have

requested is not held by the Ministry and I have no grounds to believe that the information is held by another department or Minister of the Crown or organisation.

I encourage you to lodge this request with other Government agencies, such as the Ministry of Health; the Ministry of Business, Innovation and Employment; and the Ministry of Housing and Urban Development, as they may know more on this subject.

The principles and purposes of the Official Information Act 1982 under which you made your request are:

- to create greater openness and transparency about the plans, work and activities of the Government
- to increase the ability of the public to participate in the making and administration of our laws and policies
- to lead to greater accountability in the conduct of public affairs.

This Ministry fully supports those principles and purposes. The Ministry therefore intends to make the information contained in this letter and any attached documents available to the wider public. The Ministry will do this by publishing this letter on the Ministry of Social Development's website. Your personal details will be deleted and the Ministry will not publish any information that would identify you as the person who requested the information.

If you wish to discuss this response with us, please feel free to contact OIA_Requests@msd.govt.nz.

If you are not satisfied with this response regarding retirement village subsidies, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at www.ombudsman.parliament.nz or 0800 802 602.

Yours sincerely



Harry Fenton
Policy Manager
Seniors and International Policy

WORK AND INCOME

TE HIRANGA TANGATA

Printed from: <https://www.workandincome.govt.nz/products/a-z-benefits/residential-care-subsidy.html>

Printed: 26 February 2021

Residential Care Subsidy

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

This subsidy helps with the cost of care. It's paid directly to the hospital or rest home by the Ministry of Health.

Who can get it

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

- are aged either:
 - 65 or older
 - 50-64 and single with no dependent children
- are assessed as needing long-term residential care in a hospital or rest home
- need this care for an indefinite length of time
- are receiving contracted care services.

It may also depend on:

- any money or assets you and your partner (if you have one) have
- how much you and your partner (if you have one) earn.

Asset limits

If you're 50-64 and single with no dependent children, you'll automatically meet the asset test.

If you're 65 or older, your and your partner's (if you have one) total assets must be \$236,336 or less. If you have a partner who's not in long-term residential care, you can choose whether the total value of your combined assets is either:

- \$129,423 or less, if you don't want to include the value of your house and car (your house isn't counted as an asset if it's the main place where your partner or dependent child lives), or
- \$236,336 or less, if you do want to include the value of your house and car.

Income limits

We'll check to make sure your income is below the required limits. How we work this out is different for each type of income.

When you don't qualify

You won't qualify for Residential Care Subsidy if you're under 50 and single.

You'll need to contact your District Health Board for assistance.

Application process

[Open all sections](#)

Step 1 - Book a needs assessment

Book an appointment with a Needs Assessment Service Coordination (NASC) agency funded by the District Health Board (DHB). You can contact one by either:

- visiting the [Ministry of Health website](#) ^(Link 1)
- calling the Health Seniorline on 0800 725 463

They will:

- check you meet the Ministry of Health's criteria
- determine what level of care you need
- complete a Needs Assessment Certificate.

If you're under 65 and have a partner, this is all you need to do, as we won't look at your assets or income. A Needs Assessment Certificate will be sent to the Ministry of Health (MoH). MoH will organise payment for your care.

Complete a financial means assessment form

If we need to assess your assets or income, you will be given a 'Residential Care Subsidy application for Financial Means Assessment' form at your appointment.

You need to:

- fill out the form
- gather your supporting documents (these are listed on the form)
- return the form and your supporting documents to us as soon as you can. [Call us](#) ^(Link 2) to talk about the best way to do this.
 - if you're 65 or over, you'll need to return them within 90 days of the date you want the subsidy to start.

Step 2 - We'll check what assets you have

We'll check to make sure your assets are below the required limits. This is the first part of what we call a 'Financial means assessment'.

What's included as an asset

We include things such as:

- cash or savings
- bonus bonds
- investments or shares
- life insurance policies with a surrender or cash asset value
- loans made to other people (including family trusts)
- boats, caravans and campervans
- investment properties.

Family home and personal vehicle

Your family home and personal vehicle are included as assets if either:

- you don't have a partner
- 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 \$236,336 asset threshold.

What's not included as an asset

Assets that aren't included are:

- pre-paid funeral expenses for you and your partner of up to \$10,000 each, if they're held in a recognised funeral plan
- personal belongings such as clothing and jewellery
- household furniture and effects.

Assets are above the limit

If you're 65 or over and your assets are above the threshold because you own your own home, you may be able to get a Residential Care Loan. This will help with the cost of your care.

[Residential Care Loan](#) ^(Link 3)

Step 3 - We'll check what assets you've gifted or sold

If you or your partner have gifted or sold assets, there's a certain portion that won't be included as an asset. It depends if you've either gifted or sold the assets:

- in the last 5 years (from when you apply for the subsidy), or
- longer than 5 years ago (from when you apply for the subsidy).

Gifted or sold assets in the last 5 years

We won't count up to \$6,500 of assets you've gifted or sold each year in the last 5 years (from when you apply for the subsidy). This is a total of \$32,500 of any assets you and your partner (even if they've died) have gifted or sold in the last 5 years.

If your partner applies at the same time, this amount will double to \$65,000 (as we won't count \$32,500 each).

This amount includes any assets you've gifted to someone in recognition of care. If your partner applies, it will not double if you've gifted assets to someone in recognition of care.

Gifted assets in recognition of care

We may not count assets you've gifted to someone who's provided you with a high level of care if you've:

- received care for at least 12 continuous months in the last 5 years
- gifted these assets to the carer in the last 12 months (from when you apply for the subsidy)
- lived in the same home as the person providing the care
- not received any funding for home-based disability support from the Ministry of Health, eg, Home Support, meals on wheels
- been able to stay in your home because you received care which meant you didn't need to get this payment.

Also:

- the person providing the care cannot be your partner or dependent child
- the type of care needs to be necessary to help you around the home, eg, help with bathing or toileting.

Gifted or sold assets longer than 5 years ago

We won't count up to \$27,000 a year of any assets you've gifted or sold longer than 5 years ago (from when you apply for the subsidy). \$27,000 is the total amount between you and your partner (even if they've died).

Step 4 - We'll check your income

If your assets are below the required asset limits, the next thing we'll do is complete an income assessment. This is the last part of the financial means assessment.

Income limits

We'll check to make sure your income is below the required limits. How we work this out is different for each type of income.

What's included as income

- 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 or payments from a trust or estate.

We'll need more information if you or your partner have ever:

- transferred assets to a trust
- been the settlor, trustee or beneficiary of a trust or estate.

What's not included as income

- Any money your partner has earned through work.
- Income from assets when the income is under:
 - \$1,027 a year for single people
 - \$2,054 a year for a couple when both have been assessed as needing care
 - \$3,081 a year for a couple where one partner has been assessed as needing care.
- A War Disablement Pension from New Zealand or any other Commonwealth country.

Step 5 - We'll work out when the subsidy is paid from

You may qualify for the Residential Care Subsidy earlier than when you applied, which means it may be paid from an earlier date.

50-64 years old

If you're 50-64 and single with no dependent children, it can be paid from either:

- the date you were assessed as needing care, or
- the date you entered care.

It will be paid from whichever date is later.

65 or older

If you're 65 or older, it can be paid from up to 90 days before we got your application. It depends on when you qualified from.

For example, if we received your application on 1 May but you qualified for the subsidy earlier than this, it can be paid from when you qualified (but only as far back as 1 February).

Step 6 - We'll advise the outcome

We'll let these people know the outcome of your financial means assessment:

- you

- the Ministry of Health, and
- your rest home or hospital.

Step 7 - The subsidy is paid

How the subsidy is paid

The Residential Care Subsidy is paid directly to the rest home or hospital by the Ministry of Health.

How much the subsidy is

1. We'll work out how much you should contribute to your care, based on your income assessment (generally we calculate this using your annual income at the time you applied).
2. The Ministry of Health will look at how much your care costs.
3. The amount of the subsidy is the difference between these 2 amounts.

For example:

1. We've worked out that you should contribute \$300 a week to your care.
2. The Ministry of Health has confirmed that your care costs \$900 a week.
3. Your subsidy will be \$600 a week.

What's included in cost of care

Some things are not included in the cost of your care, eg, a Premium Room Charge because you pay for it privately.

If you don't know what's included in the cost of your care, you should talk with your rest home or hospital.

Other help you or your partner can get

Getting a benefit, NZ Super or Veterans Pension

If you get New Zealand Superannuation, Veteran's Pension or any other benefit, most of this will go towards your care.

- You'll keep a personal allowance of \$46.03 a week.
- You'll also receive a clothing allowance of \$288.69 a year.

You must continue to pay for your care until your application for Residential Care Subsidy has been approved.

If you have a partner living at home

Your partner may:

- be able to get the Special Disability Allowance of \$40.77 a week to help with extra costs
- get an increase in their payment, if they get a benefit
- qualify for a single rate of payment, if they get a NZ Super or Veteran's Pension
- qualify for other payments after you go into care, if they aren't getting any payments from us.

Related links

[Seniors](#) (Link 4)

[Ministry of Health](#) (Link 5)

Contact us

If you have any questions, contact the Residential Subsidy Unit on:

0800 999 727

(Link 6)

Or you can:

- Email msd_rcs@msd.govt.nz
- Fax 0800 999 199

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1. <https://www.health.govt.nz/our-work/life-stages/health-older-people/needs-assessment>
 2. <http://www.workandincome.govt.nz/about-work-and-income/contact-us/phone-numbers.html>
 3. <http://www.workandincome.govt.nz/products/a-z-benefits/residential-care-loan.html#null>
 4. <http://www.seniors.msd.govt.nz>
 5. <http://www.health.govt.nz/olderpeople>
 6. tel:0800999727
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