

# All District Health Boards

## Fact sheet

**Information regarding new rules related to the charging for premium room services in aged residential care, in effect from 1 July 2014.**

### Introduction

The Age Related Residential Care (ARRC) agreements set out the funding arrangements and services contracted by District Health Boards (DHBs), through aged residential care facilities providing care to eligible New Zealand residents.

Many residential care facilities provide standard and premium rooms catering for both subsidised and unsubsidised residents and offer additional services which attract additional charges.

Up until now, there has been some uncertainty about the rules relating to premium room charging which the latest ARRC agreement, which came into effect on 1 July 2014, attempts to clarify. It also aims to ensure that access to a standard room is always available in each local area, for those residents who choose not to pay for premium room services.

These changes are a result of public consultation conducted last year by the Ministry of Health on whether District Health Boards (DHBs) should fund premium-only aged residential care facilities. A majority of respondents said no to the proposal, but DHBs and providers were asked to come up with more flexible arrangements that recognise the increased number of premium rooms being developed by the aged residential care sector.

The following summarises the changes which have been agreed to by representatives of older people (consumers and their advocates), aged care facilities (providers) and the DHBs (funders).

#### QUESTION

#### ANSWER

**Who do the changes affect?**

People who have been assessed as needing aged residential care, and who move into a residential care facility covered by the ARRC agreements on, or after, 1 July 2014; and  
Residents who are already residing in a residential care facility covered by the ARRC agreements who choose to move to a premium room.

**When did the change come into effect?**

On 1 July 2014.

**What were the previous rules?**

A provider could charge extra for additional services if the resident had been offered the choice to receive or not receive the additional services, and then chose to receive the additional services.

**Can a facility refuse to admit a person who chooses not to receive additional services?**

Under the previous rules - no.  
In the past, if the facility only had premium rooms available, the person had to be admitted to a premium room until a standard room became available. An additional charge was not applied in this circumstance.

## QUESTION

## ANSWER

**Under the new rules, will a facility be able to refuse to admit a person who chooses not to receive additional services?**

Yes, under the new rules which came into effect on 1 July 2014, there is now an exception to the old rules.

If certain conditions are met, a resident can be required to pay for premium room services as a condition of admission to the provider's facility.

If the conditions are not met however, the provider must admit the resident to a premium room and not charge extra for that room.

**What are these conditions?**

From 1 July 2014, there are three conditions that must be met before a provider can require a resident to pay for premium room services as a condition of admission to the facility.

- The provider has no standard rooms available; **and**
- The occupancy level at the facility of the type of room required (rest home, hospital or dementia) is 90% or more; **and**
- The provider has identified a facility less than 10km away that has a standard room available.

All of these conditions must be met before an exception can be made and a resident charged the extra.

**What if any condition is not met?**

Where one, or more, of the conditions cannot be met by the provider, the provider must admit the resident to the facility; **and** must not charge the resident extra for the premium room services.

**What if all rooms at a facility are premium rooms?**

The provider must admit a resident who chooses not to pay premium room services to a premium room at no extra charge unless they can meet all three conditions.

**There are beds called "swing beds" or "dual services beds" that are not exclusively rest home or hospital beds. How are these used when calculating the 90% occupancy?**

When calculating whether the occupancy level of the type of room required by the resident is 90% or more, the provider must include all rooms certified for aged residential care (except those under ORA or LTO arrangements) that can be used to provide the category of services required by the resident.

Therefore, if a provider has an empty 'swing bed' or 'dual service bed' that can be used to provide either rest home or hospital services, or the potential resident requires rest home services, the provider must include that 'swing bed' or 'dual service bed' in the calculation.

The occupancy level will be determined on the date the person applies for admission to a facility.

**Who verifies if the 90% occupancy calculation is correct if a person challenges the calculation?**

The local DHB Health of Older People Service should be contacted in the first instance.

**What is a "premium room"?**

A room with additional features of a permanent or fixed nature, such as an en suite, is considered a "premium room".

**QUESTION****ANSWER**

Services that can be turned off easily, such as a newspaper or Sky TV subscription, are not features of a permanent or fixed nature. These additional services are not included in the price for services required to meet the assessed needs of residents, as outlined in the ARRC agreements. These may however be available to residents, if they agree to pay the extra cost.

**How much can a provider charge for premium rooms or services?**

Charges for premium services are as agreed between the provider and the resident, and must be set out in the Admission Agreement that the resident signs.

**What if I want to move from a premium room to a standard room?**

Every two months you will have the opportunity to review your decision to reside in a premium room.

If you wish to move from a premium room to a standard room, you will need to give the provider notice. On advising the provider of your wish to move, the provider has up to three months to make the transfer.

If after three months a standard room is still not available to transfer you into, the provider must stop charging you the premium room charge until the transfer can be made.

**What if I experience hardship and can no longer afford to stay in a premium room receiving premium room services?**

While there are no specific actions set out in the ARRC agreements, it is expected that, where genuine hardship is being experienced by a resident, the provider will transfer the resident to a standard room as quickly as possible.