

Legitimate Fears—after the health of your loved one

—is how to pay for long term care.

The fear has a basis in fact. Costs have risen across the spectrum of care, from in-home hourly rates now as high as \$18/hour, to private rooms at skilled nursing homes and high-end assisted living facilities going up to \$8000/monthly.



Careful Planning

Elders have two financial risks: Inflation Risk, and Health Crisis Risk. The severity of the risk depends on the individual's financial situation. High net worth individuals, with the right plan, can overcome these risks and retain prosperity throughout their 'golden years'. Middle class individuals need to be especially careful how they manage their investments, including the family home. With the right plan, they too can prosper even in a long-term care situation. Solutions will in some cases include Medi-Cal eligibility. The most at risk are the low net worth individuals. Medi-Cal becomes the de-facto solution to their long-term care costs.

Family Contributions

The sons and daughters of the frail elderly often constitute the front line for paying for long term care, once the life savings are exhausted. This is a financial burden on the younger generation, and strains the ties of even the closest families. If the individual qualifies for Medi-Cal, some of the family payment may be reimbursable through the Medi-Cal program.

Medi-Cal

Medi-Cal has become the de-facto program to help with long term care costs for California's elderly. It will pay for nursing home expenses, but not board & care or assisted living

The Medi-Cal IHSS program operates on a waiver from the federal government and could potentially help with paying for in-home care. It has a separate set of regulations.

Insurance

Today's at-risk elders did not have an opportunity to buy long term care insurance. If they did buy one, the policies they bought rarely cover the true cost of care. Supplemental insurance never covers the costs associated with long-term care. Medicare helps the first 100 days—if their health improvement hasn't 'plateaued'. If they have, the individual is shifted into a private pay situation. If the individual is a Veteran, the VA insurance "TriCare for Life" can potentially pay for long term care .

Life Savings

According to one study, 46% of seniors paying for long-term care use up their life savings. We know of cases where the family home is sold to pay for care; four years and \$350,000 dollars later, the life savings are gone. The inheritance that was meant for children and grandchildren has been spent, and more is needed to keep up with the care.

Forms of Long-Term Care include the following:

Nursing Home

The average private pay rate in California for custodial skilled nursing care in a nursing home is \$4800 in 2005. In urban areas such as San Francisco, the private pay rate can go up to \$6000/monthly for a semi-private room, or \$8000/monthly for a private room. Medi-Cal for Long Term Care will cover daily rates for skilled nursing, after share of costs.

Assisted Living

Costs range \$2800-\$3500/monthly. The level of care is considered one step down from custodial skilled nursing. For Alzheimer's and dementia patients who are physically healthy, doctors will often recommend the assisted living level of care in a facility that specializes in caring for patients with these diseases. Medi-Cal does not cover assisted living room rates.

Board & Care

Costs range from \$1200-\$2000. It is a largely unregulated industry with a wide variety of care quality. Medi-Cal does not cover the room rate for board & care.

At Home Care

Caring for an individual at home is almost always the first choice for families. When the primary caregiver is a family member the costs are small in terms of dollars but high in the emotional toll. Private paying for home care can become expensive, depending on how many hours needed and where the person lives in California. Hourly care rates will range from \$8/hour to \$18/hour. The Medi-Cal IHSS program, currently operating on a federal government waiver, provides a low hourly pay rate—for up to 270 hours monthly—if the individual is medically needy and qualifies financially.