

# The Cost of Living Longer

By Kelly Greene | The Wall Street Journal – Tue, Oct 30, 2012

Andee St. John is searching for an assisted-living facility near Columbia, S.C., for her 69-year-old mother, who was hospitalized recently after several falls. But finding the place with the right combination of price, amenities and services has been difficult.

So far, Ms. St. John has consulted with a financial adviser, a geriatric social worker and an elder-law attorney as part of her research.

"It's been very eye-opening," Ms. St. John says. "You don't just pay one fee a month for assisted living. There are all these different add-ons."

A growing number of families are wrestling with the same dilemma: rising costs for long-term care and a mind-boggling array of options.

Nationwide, long-term-care costs in a number of categories have risen faster than inflation over the past year, according to research to be released Tuesday by insurer MetLife's Mature Market Institute. At the same time, care providers are changing the types of services available or bundling services in new and at times confusing ways.

But there are strategies that can help. People who identify the specific services their loved ones need, haggle aggressively on price and explore alternative-care options can save money—or at least get more care for the money they do spend, experts say.

The broad category of "long-term care" includes a variety of health and daily-living services, either in facilities or in people's homes, for people with chronic illnesses or disabilities.

Costs are rising for most kinds of care, according to the MetLife study, which surveyed nearly 6,700 long-term-care providers and is the first to analyze the ways providers have started bundling together various add-on services, such as transportation or extra meals, in their fee structures.

The average rent at assisted-living facilities, which provide help with day-to-day activities but not necessarily round-the-clock skilled-nursing care, shot up 17% to \$3,486 over the past five years, according to the study. That is based on facilities offering six to nine services.

The price of a private room at a nursing home, meanwhile, rose 4% over the past year to \$248 a day. And while prices for home-health aides and adult-day services didn't rise, on average, the brief respite comes after increases in recent years. Home-health-care spending by

Medicare beneficiaries, for example, climbed 129% to \$19 billion from 2000 to 2010, according to a March report to Congress by the Medicare Payment Advisory Commission.

With fees rising and the menu of services changing, here are some strategies families are using to stretch their long-term-care dollars further.

## **Paying for Care**

Before exploring which kind of long-term care a family member needs, you should be clear about how you are paying for it.

Some consumers have long-term-care insurance, which covers an array of expenses. But the policies often have been money losers for insurers, and in recent years several have exited the business. The ones that remain have raised premiums, cut back on coverage for new policies or both—meaning consumers will have to pick up more of the tab themselves.

Most people simply reach for their checkbooks. But there are a couple of ways to ease the sting.

Married couples with some savings might want to consider buying an immediate annuity that pays benefits for a set number of years, to preserve savings for the "well" spouse while the other spouse receives care, says Gary Cotter, a certified financial planner in Sun City Center, Fla.

The benefit: Such an annuity wouldn't count against them in qualifying for assistance from Medicaid, the state and federal program that pays for health and long-term care for the poor. The catch: The well spouse has to live through the entire period the annuity is making payments. If not, the state has the first claim on any remaining payments, Mr. Cotter says.

One often-overlooked benefit is available to millions of families of wartime veterans. The Department of Veterans Affairs' aid-and-attendance benefit pays up to \$2,020 a month to married veterans who qualify. Single veterans and surviving spouses might qualify for smaller payments. For help applying, go to [www.va.gov](http://www.va.gov), click on "Locations," then on "State Veterans Affairs offices," "Veterans Service Organizations" or "Regional Benefits Offices."

## **Choosing the Right Care**

Once the financing is settled, it is time to choose the kind of care you need. That should start, experts say, by cataloging the various daily living tasks you and your loved one can and can't perform. That will give you a sense of whether a few hours a day of personal assistance can do the job, or whether it is time to make a costlier move.

Genworth, one of the country's largest long-term-care insurers, uses five levels, ranging from independent (level one) to completely dependent on skilled-nursing care (level five).

At the second level, the older adult suffers from disease symptoms or early dementia and typically needs help shopping and paying bills, tasks a family member often can perform at no cost. At level three, people need four to five hours a day of help with activities that take place at predictable times. People at level four need considerable assistance from someone who is constantly on call.

Experts say most families wait until there is an immediate need for more care before they research and shop for it. A better approach: asking your loved one's doctors for help anticipating what you might need next. That way, you have more leverage. You can figure out in advance which assisted-living facility has vacancies and might waive a move-in fee or other charges, for example, and which one has a waiting list.

Some families turn to geriatric-care managers, typically social workers or registered nurses who charge an hourly fee. The managers can help you figure out what kind of care you need and review contracts before you sign to make sure there are no hidden charges, such as move-out fees. (There is a directory at [www.caremanager.org](http://www.caremanager.org).)

## **Assisted Living**

Of all of the various long-term-care options, assisted-living facilities are becoming the trickiest to figure out, experts say.

That's because, in the past five years, a growing number of facilities have started packaging more services together, rather than charging for them a la carte. This year, for example, 65% are providing six to nine services in their base rate, up from 59% five years ago, and 31% include 10 or more services.

The problem: People who need added services often must choose plans with a higher base rate that lumps more services together—and end up paying for some services they don't need. The "personal-care" category—which may or may not include dressing, bathing or other tasks—costs an average of \$504 a month, according to MetLife.

But many services have wiggle room for discounts, experts say. A good starting point, they say: move-in fees and monthly "wellness fees" that sometimes include only blood-pressure checks, which many residents can do on their own with a \$30 cuff from a drugstore.

Kathleen Dempsey, a geriatric-care manager in Minneapolis, often recommends that clients buy a medication-monitoring system rather than pay for a nurse to do so, a service that costs

\$347 a month on average, according to MetLife. The website e-pill.com offers several different choices.

Jalaa McNeal, a 71-year-old retired physical-education teacher, moved to an assisted-living facility in Cedar Rapids, Iowa, this summer after she was diagnosed with water on the brain and had a shunt implanted. When she moved in, she needed to have her medicine administered a few times a day. But after months of therapy, she was tested by a neuropsychologist who said she can manage her medicine on her own. She canceled, saving \$500 a month.

## **Independent Living**

Some families are delaying or avoiding costly assisted-living care by moving to so-called independent-living apartments. Traditionally, most of these communities were little more than age-restricted apartment complexes. But in recent years, many have added nonmedical services such as transportation, meals and concierge desks. Families can hire their own home care separately if they need it.

One big advantage: Unlike fancier continuing-care retirement communities, independent-living facilities typically don't require lump-sum payments, says Mr. Cotter, the Florida planner.

"A lot of people prefer independent-living apartments because they can contract with a home-health provider themselves," he says. "It puts them in control of the whole thing."

Kevin Skipper, a financial adviser in Columbia, S.C., paid \$2,000 a month for his mother's independent-living apartment, which included rent plus three meals a day. When he added companion care, the total cost was \$2,900 a month, allowing him to delay moving her to a nearby assisted-living facility, which was charging \$4,500.

A quick Web search can turn up options in your city or state.

## **Home Health Care**

Many people prefer to remain at home rather than move to a facility. It can be costly, but there are ways to save.

People who don't need 24-hour care can sign up for hourly services. Rates average about \$20 an hour for basic services such as housekeeping and meal preparation, and \$21 an hour for hands-on assistance with bathing, dressing and other activities, according to MetLife.

Families using home care on a consistent schedule, or for several hours or more every day, might be able to cut the rate by a few dollars an hour, experts say. A good starting point is Medicare's Home Healthcare Compare tool ([medicare.gov/homehealthcompare](https://www.medicare.gov/homehealthcompare)), which allows you to search for local agencies and see their quality of patient care.

To get a better deal, consider hiring caregivers on your own, rather than through an agency, which usually runs about 25% more, experts say.

You might get lucky and find a caregiver through word-of-mouth from a friend also caring for elderly loved ones. Otherwise, you probably will need to place ads online or in newspapers.

## **Alternative Options**

Other types of care often are overlooked, but can relieve family burdens and financial stress.

"Adult-day services," for example, provide health, social and therapeutic activities in a group setting for people with functional and cognitive problems. Some are free-standing; others are housed within nursing homes, assisted-living facilities or hospitals. Some offer a high level of medical care, and charge an average daily rate of \$79. The services work well for patients who can sleep through the night at home, experts say.

Another option: Many assisted-living facilities offer "respite-care" programs, through which older adults who are cared for at home can check in for a weekend or longer when a family caregiver needs to leave town. It is an option that can help a family delay having to use a more expensive assisted-living facility, says Rona Loshak, a long-term-care insurance broker in Roslyn, N.Y.

Many families also can tap hospice care, generally meant for patients in the last stages of a serious illness, earlier than they might realize, and often with Medicare's backing.

Linda Fodrini-Johnson, a geriatric-care manager near San Francisco, recently moved her mother, who qualified for Medicare-backed hospice care, from a skilled-nursing facility costing more than \$10,000 a month to a small residential-care facility with six private rooms—at about half the price.

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