

In California, Long-Term Care Takes Long-Term Planning

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We've covered long-term care (LTC) in greater detail before (notably [here](#) and [here](#)), but in this article we specifically wanted to give an idea of the costs and options in California.

Despite our overall living costs being among the highest in the nation, California's long-term care costs are not the costliest (that dubious honor belongs to Alaska) or even in the top ten high-priced states. However, even above average LTC costs are very expensive.

According to the Genworth Cost of Care Survey 2021 for the state of California, the median monthly cost of a semi-private room in a nursing home is almost \$9,800, while a private room costs around \$12,170 per month. An assisted living facility would run you about \$5,250 per month. And finally, the median monthly cost of a home health aide would run you about \$6,100.

These are just averages, and the cost can vary widely depending on a variety of factors, including the type of care needed, the location, and the provider. If you're evaluating LTC options for yourself or a loved one, it is imperative that you spend time doing research, comparing costs from multiple providers, and utilizing experts in the field who can serve as knowledgeable resources.

How do you pay for long-term care?

For those with very low income and assets, there are programs (included Medicaid – MediCal in California) that may be available to help those lacking the resources to pay for appropriate care on their own.

For those with a very high level of assets and income, they can likely pay for their own coverage out of pocket should they need it (called self-insuring).

For the larger majority of people in the middle, whether or not to buy long-term care coverage depends on a variety of factors, including age, health status, family history, financial situation, and personal preferences. LTC insurance can provide a safety net for those who need long-term care services in the future and can help cover the costs associated with those services.

However, long-term care insurance can be expensive, and historically premiums have increased significantly over time. Currently a policy for a couple in their early sixties could run \$6,000 per year and up, depending on the amount of coverage and whether the benefits increase over time to offset inflation. Premiums are usually less expensive the earlier the coverage starts, so we encourage clients to start thinking about it in their late fifties and early sixties.

Should you buy an LTC insurance policy?

It's important to carefully consider the benefits and costs of long-term care insurance and to compare policies from multiple providers before deciding. Additionally, it's a good idea to consult with a financial advisor or even an attorney who specializes in elder law to help guide you as you navigate long term care planning. These types of professionals can help you evaluate the pros and cons of long-term care coverage and develop a plan to help cover the costs of long-term care if you need it.

When we are talking to our clients about the decision, we usually focus on their family health history, their goals for retirement (do they want to stay in their home at all costs?), and capacity to self-insure. There have been times we recommended purchasing LTC insurance, but the clients decided that the annual premiums were too high for them. At other times they purchased a policy, but never wound up using the benefits. There have also been several instances where we feel having the LTC insurance truly saved the couple's finances. But that is the nature of almost every type of insurance - you are paying a relatively small amount to cover a potentially large liability, and at the end of the day you're really hoping you never have to use it.

We encourage you not to wait until you find yourself in a situation where you need long-term care to start thinking about it. It is never too early to begin proper planning and education to mitigate the burden on not only yourself, but your loved ones as well.