

# What is the Cost of Long Term Care Services?

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Ultimately, this is a project you should undertake to answer in detail for yourself. You should visit the nursing homes, assisted living facilities and home care agencies in your area and ask what they charge for a typical day of care. In particular, ask the home care agencies how many hours of care they provide per person per day and what it costs. You should also come away with some idea as to which are the better providers and which are not.

As a quick reference, the average costs by state are as follows (as of 2001)

<= \$100/day:	AR, IA, KS, LA, MS, MO, OK, TX.
\$100 - \$150/day:	AL, AZ, CA, CO, DE, FL, GA, ID, IL, IN, OH, KY, MI, MN, MT, NC, ND, NM, NV, OH, OR, SC, SD, TN, UT, VA, WA, WI, WV, WY.
\$150 - \$200/day	MA, MD, ME, NH, NJ, PA, RI, VT.
>= \$200 +/day	AK, CT, DC, HI, NY.

There are, however, significant differences within different portions of many states. While this is a good starting point, the important question is not what care costs today. If you already need care, you aren't going to be able to buy insurance.

The question is what care will cost when you do need care. The cost of long term care services has increased between 5% and 6% per year historically. Given the demographics of the country, that is not likely to decrease.

Table 1 shows what impact inflation can be expected to have between now and when you do need care, if the current cost in your area is \$100 per day. Assuming care will probably be needed somewhere between ages 80 and 85, you can estimate what care will cost when you need it. To be conservative, you might also consider what care will cost if you remain healthy 5 or 10 years longer than average

Year	\$ per day		1 year of care (~75% probability)		3 years of care (average)		5 years of care (~10% probability)	
	Low	High	Low	High	Low	High	Low	High
Today	100	100	36,500	36,500	109,500	109,500	182,500	182,500
5	128	134	46,720	42,910	140,160	146,730	233,600	244,550
10	162	179	59,495	65,335	178,485	196,005	297,475	326,675
15	208	240	75,920	87,600	227,760	262,800	379,600	438,000
20	265	321	96,725	117,165	290,175	351,495	483,625	585,825
25	339	429	123,735	156,585	371,205	469,755	618,675	782,925
30	432	574	157,680	209,510	473,640	628,530	788,400	1,047,550
35	552	769	201,480	280,685	604,440	842,055	1,007,400	1,403,425
40	704	1029	256,960	375,585	770,880	1,126,755	1,289,800	1,877,925
45	899	1376	328,135	502,240	984,405	1,506,720	1,640,675	2,511,200
50	1147	1842	418,655	672,330	1,259,965	2,016,990	2,093,275	3,361,650

The only question to ask is "Given the cost of care, is it a risk you can afford to ignore"?

Not intended to provide legal or accounting advice. Long Term Care is a complicated subject. It takes time to consider the implications of many of the options available. In addition to any necessary legal or accounting advice from the appropriate professional you should discuss your financial situation and objectives regarding long term care with a knowledgeable agent.