

Managing Elderly— —HEALTHCARE COSTS

A Senior Lifestyle Resource



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How To Manage Health Care Costs As We Age

The rising costs of pharmaceuticals, care and services for aging adults culminate in an expensive and complex equation. If you're caring for your parents, the costs will affect you, too. This ebook will provide a clear and accessible picture of how to manage rising health care costs for your loved one.



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Skilled Nursing Care

One major expense for elderly populations is living costs. As people age, they may require assistance to cope with health issues or may need help performing daily tasks. Some older adults may be able to age in place with home health care, but others may have to move into residential communities where care is provided.

According to a 2019 study published by "[Merck Manual](#)," only 29% of community-dwelling older adults in the U.S. live alone. Here's an idea of the elder care options available and how much each one costs.

Non-medical home care

Non-medical home care can take place in a senior's home or somewhere else, like an assisted living community. This type of home care includes help with daily tasks, such as personal hygiene, nutrition and medication management. According to the [National Council for Aging Care](#), the national average of cost per month for non-medical home care is \$4,000.



Home health care

Home health care provided by a home health aide includes health-related services like checking pulse, temperature and respiration rates; helping with exercises and providing medication reminders; helping with meal preparation, walking assistance and light housekeeping. According to the [U.S. Bureau of Labor Statistics](#), in 2018, the median pay for home health aides was \$11.57 per hour.



Assisted living and memory care

Assisted living and memory care residences help seniors with daily living activities and provide social and recreational activities in addition to supervision by a team of professionals. Memory care residences help seniors with cognitive impairments and other forms of dementia. According to the [National Center for Assisted Living](#), the average monthly cost for an assisted living community is \$4,000.

Adult day care

Adult day care centers provide social interaction and care for older adults who need supervision or assistance during the day. Adult social day care includes social activities and recreation, while adult day health care provides health and social services for individuals with serious medical conditions. According to the [Administration for Community Living](#), costs can range from \$25-\$100+ per day depending on the services offered and location.



Skilled Nursing Care

Often referred to as a nursing home, skilled nursing care is staffed with licensed medical professionals. Skilled Nursing communities provide round-the-clock care and will typically offer physical, speech and occupational therapies. The National Center for Assisted Living reports the average monthly cost for a semi-private room at a nursing home is around \$7,500, while a private room at a nursing home will cost around \$8,300 per month.

There are typically two components: long-term nursing care or short-term rehabilitation.

Long-term care is meant to meet a person’s needs performing everyday activities. This level of care can be given at home by friends or family, or in a skilled nursing care setting.

Short-term rehabilitation involves constant medical care and therapeutic services designed to help a person recover from an illness, a surgery, or an accident.



Continuing care retirement communities

Continuing care retirement communities (CCRCs), also know as a life plan community, offer living options for seniors who want to stay in the same place as they age. CCRCs offer different type of housing and levels of care, from independent living to assisted living or skilled nursing care. According to [AARP](#), the average initial payment to move into a CCRC in 2017 was \$329,000, with monthly maintenance or service fees from \$2,000-\$4,000.

Annual Cost	2019	5-year Annual Growth
HOME HEALTH CARE		
Homemaker Services	\$51,480	3%
Homemaker Health Aide	\$52,624	3%
ADULT DAY HEALTH CARE		
Adult Day Health Care	\$19,500	3%
ASSISTED LIVING FACILITY		
Private, One Bedroom	\$48,612	3%
NURSING HOME CARE		
Semi-Private Room	\$90,155	3%
Private Room	\$102,200	3%

USA - National



Common ways to pay for elder health care

Over the past decade, health care costs have steadily risen. That has significant implications for seniors, as health care spending increases with each older generation. According to [SmartAsset](#), up to 9.5% of total annual spending for baby boomers is on health care.

By 2027, national health spending is projected to reach \$6 trillion, an average growth rate of 5.5% per year from 2018 to 2027, according to the [Centers for Medicare & Medicaid Services](#) (CMS). The CMS reports the country's aging population is a major contributing factor to increased health care spending. According to the [Centers for Disease Control and](#)

[Prevention](#) (CDC), by 2060, the number of adults ages 65 and older will reach 98 million, double the amount from 2016.

As more older Americans become retirees, individuals and their loved ones must prepare for long-term care needs. According to the [U.S. Social Security Administration](#), a 65-year-old man today is expected to survive to age 84, with women reaching 86 years old.

With increasing lifespans and increasing health care costs, consider these methods to cover expenses.



Non-subsidized methods

When you can't get elderly care covered through subsidized methods, you may need to look into personal ways to pay. These include the following.

Private savings

For someone anticipating having to pay for elderly care, it can help to put a portion of earnings toward care costs. You can use a high-yield savings account, like those offered by some online banks, to accumulate savings and higher interest to go toward care.



Reverse mortgages & HELOCs

Reverse mortgages and home equity lines of credit (HELOCs) can be used by homeowners to pay for care. A reverse mortgage is a loan available to homeowners who are 62 years old or older who have considerable home equity. The homeowner can borrow against the value of the home and get money as a lump sum, line of credit or fixed monthly payment and use those funds toward care. No payments are required until the borrower leaves the property.

A HELOC gives homeowners of any age the opportunity to borrow against their home. A HELOC carries a monthly obligation and operates like a credit card, enabling homeowners to make interest-only payments for the first 10 years at a variable rate.



Life insurance policy conversions

A person who has a life insurance policy can sell their policy to a third party in exchange for elder care services or for money that can be used for elder care. A life insurance policyholder may also be able to cash out a life insurance policy to get a lump sum that can help with elder care costs.

There are also life insurance policies like whole life insurance that have a cash value element. Life insurance policyholders with whole life insurance can borrow against the cash value to pay for elder care.



Home care loans

Those who need funds for home care may approach their bank for a personal loan, which must be paid back with interest.

Bridge loans

A bridge loan is a line of credit with no up-front fees that enables the party who takes out the loan to pay for short-term care while they wait for other funds to arrive. Bridge loans typically have fast approval processes and charge interest on what is borrowed.



Long-term care insurance

[Long-term care insurance](#) is an insurance policy designed to cover long-term services and support, including custodial and personal care in settings including homes and community organizations. Generally, the younger and better health a person is in when they take out the policy, the lower costs will be.

Subsidized methods

There are also subsidized payment options for elder care. Learn about these below.

Medicare

[Medicare](#) does not cover most long-term care services or personal care, but it does pay for medical costs that seniors encounter. Medicare covers medically necessary care for acute care, including hospital stays, medication and doctor visits.

There are some long-term care services covered by Medicare. These may include:

- Short stays in skilled nursing care following hospitalizations
- Services that are medically necessary to treat an injury or illness
- Services for people with medical conditions that may not improve to prevent further decline
- Hospice care

Certain conditions must be met in order to get Medicare coverage for the situations mentioned above. Consult [LongTermCare.gov](https://www.longtermcare.gov) for more information.



Medicaid

Those who meet [Medicaid](#) requirements for people with low income and assets may be eligible for long-term care services in nursing homes, long-term care services provided at home, medical care and custodial care in nursing homes and at home. The state a Medicaid qualifier resides in will determine what long-term care and personal care services a person is eligible for.

Supplemental health insurance (“Medigap”)

[Medigap](#) is Medicare Supplement Insurance that is sold by private companies. It can help pay for health care costs that aren’t covered by Medicare, including deductibles, copayments and coinsurance. Medigap does not typically cover long-term care or private-duty nursing. To be eligible for a Medigap policy, you must have Medicare Part A and Part B. You have to pay the private insurance company a monthly premium for a Medigap policy.

Other government help

You may be eligible for other subsidized help for long-term care. The [Department of Veterans Affairs](#) (VA) covers long-term care services for service-related disabilities and for other eligible veterans who may not be able to pay for the cost of necessary care. The VA may also pay for nursing home care and at-home care for aging veterans.

There are also [state programs for long-term care services](#) for older adults and their families. These may include transportation services, nutrition programs, health promotion services, personal care, legal assistance and family caregiver services.



5 things to consider when planning long-term care

Long-term care may be necessary for years or decades. Like any financial planning, it helps to create a strategy and work toward a goal so you and your family can stay on track amid other financial responsibilities. Here's what to consider.



1. Consider the financial situation of the older adult

Discuss where the person who will be needing care is financially. According to a 2020 survey by the [Harris Poll on behalf of TD Ameritrade](#), 38% of Americans ages 60-69 have less than \$100,000 saved, and 28% have less than \$50,000 saved.

A 2018 report by [Reuters](#) found 44% of retirees faced higher-than-expected health care bills. The person who needs care may have underestimated what they needed to save, which can clue the family in to how they'll need to provide support.



2. Examine the financial situation(s) of caregivers

Caregivers who want to achieve their own retirement and future financial goals will need to take a realistic look at how much they can contribute to elder care. Doing so can help identify gaps that demand the exploration of other funding alternatives. You can also identify how much you'll need to save so you can create savings plans earlier on.



3. Create an elder care cost range

Think about best-case and worst-case scenarios to identify the minimum and more expensive costs you might encounter for elder care. For someone who is in optimal health, that means they may be more likely to live longer and live longer independently. An older adult who has health issues now may need more dedicated care. Considering situational factors will help when you meet with a financial planner.

4. Consult a financial planner

Paying for professional financial advice can help you save long-term. A 2019 survey by [CNBC](#) found most Americans decline financial help, yet less than half of adults are able to cover an unexpected expense. A financial planner who has experience in elder financial planning can help provide savings and budgeting advice, as well as investment insights for caretakers.



5. Have honest conversations

If there are family members around who might be contributing to elder care, it helps to have conversations early and often to help with planning. Finance and health issues can be challenging to talk about. Doing so early on can make families more comfortable and offer more transparency that helps with expectation-setting and financial planning.



10 ways to help seniors cut care costs

Ever hear the phrase, “Prevention is the best medicine”? Being aware of rising elder costs now can help prevent expensive costs in the future. Here are some ways seniors can lower health care costs before they need them and when they come up.



1. Eat healthy foods

A 2019 study published by the [National Institutes of Health](#) found healthy food subsidies could save billions of dollars in health care costs. A healthy nutrition plan lowers risks of diabetes and heart disease. Seniors should follow [nutrition recommendations from the CDC](#), like:

- **Emphasize vegetables and fruits in meal planning**
- **Get lean proteins, like nuts, lean meats and beans**
- **Eat foods low in added sugars, saturated fats and cholesterol**
- **Stay within daily calorie needs**

Seniors should try to cook more than eating out. A study published by “[Science Daily](#)” found meals at 92% of restaurants exceed calorie requirements for a single serving. Seniors who do eat out should take half of the meal home.

2. Exercise

The [CDC recommends](#) older adults get at least 2 hours and 30 minutes a week of aerobic activity, plus muscle strengthening working all major muscle groups at least 2 days a week. Exercise keeps body systems running optimally and helps older adults maintain an optimal body mass index, which lowers risk for disease and chronic conditions like diabetes.



3. Look into Medicare Advantage Plans

[Medicare Advantage Plans](#) are bundled plans offered by private companies that include Medicare Part A (hospital insurance) and Medicare Part B (medical insurance), plus typically Medicare Part D (prescriptions). The benefit to these plans is that they're often less expensive than traditional Medicare, though the choice of health care providers with Medicare Advantage Plans tends to be more limited.

Also, seniors may not need Medicare Part B if health insurance is covered by an employer or a spouse who is still working. In that case, seniors can defer enrollment in Medicare Part B to save on premiums.

4. Plan procedures

For seniors who need a non-immediate medical procedure, they should try to wait to schedule it until they've satisfied their deductible for Medicare, insurance or Medicaid. That helps seniors save.



5. Stick to in-network care

Seniors can lower costs immensely by avoiding out-of-network costs. Seniors can get recommendations from friends and family members for in-network providers.

6. Use preventive health services

Most health plans, including those available through the [Health Insurance Marketplace](#), offer free in-network preventive services, like screening tests and shots. Check out [Healthcare.gov](#) to get an idea of free services a patient may be eligible for. Also, check into a health care plan's free wellness visits. During these visits, the patient will get a fitness assessment and personalized recommendations to stay healthy.

7. Get a second opinion

For costly and potentially life-threatening procedures like surgeries, seniors may want to get a second (and third) opinion. There may be alternative treatments that can keep a patient off an operating table and keep costs low.

Seniors can also shop around for procedures. Seniors can ask a provider how much a procedure would cost with an insurance plan before deciding on a provider.



8. Lower dental and vision care costs

For low-cost dental care, the [National Institute of Dental and Craniofacial Research](#) recommends looking into dental schools and dental hygiene schools for procedures, which often provide student services at lower costs. Community health centers may also provide low-cost dental options.

[EyeCare America](#) of the American Academy of Ophthalmology offers no-cost eye exams around the country.

9. Clip coupons

Before seniors pay for prescriptions, they can search [InternetDrugCoupons.com](https://www.internetdrugcoupons.com) to see if the manufacturer has a coupon listed for it.



10. Ask about payment options

Some medical providers will offer discounts for paying in cash. Others will provide free zero-interest payment plans, which can help for when seniors need to budget and pay multiple bills. Seniors can ask their providers what they offer.



Ready to help a senior find care? Reach out to Senior Lifestyle

At [Senior Lifestyle](#), it's our goal to help all individuals and families with senior living needs to find comfortable, supportive housing. Our diverse senior living communities meet all types of needs. Our supportive staff are here to help you navigate senior living and find the residence that is best for you or your loved one.

Our communities include:

- Independent Living
- Assisted Living
- Enrich Assisted Living
- Memory Care
- Embrace Memory Care

To learn more about Senior Lifestyle's vibrant senior living communities, [get in touch with a Senior Lifestyle](#) near you for more information.

