

## Elder care costs keep climbing; nursing home bill now \$91K

April 9 2015, by Matthew Craft

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In this Feb. 28, 2013, file photo, Tina Reese leads a word game for residents at a nursing home in Lancaster, Pa. The cost of staying in a nursing home has increased 4 percent every year over the last five years, according to Genworth Financial's annual "Cost of Care" report, released Thursday, April 9, 2015. Last year, the median bill was \$87,600. (AP Photo/Intelligencer Journal, Dan Marschka, File)

The steep cost of caring for the elderly continues to climb. The median bill for a private room in a nursing home is now \$91,250 a year,

according to an industry survey out Thursday.

The annual "Cost of Care" report from Genworth Financial tracks the staggering rise in expenses for long-term care, a growing financial burden for families, governments and insurers like Genworth. The cost of staying in a nursing home has increased 4 percent every year over the last five years, the report says. Last year, the median bill was \$87,600.

"Most people don't realize how expensive this care can be until a parent or family member needs it," said Joe Caldwell, director of long-term services at the National Council on Aging. "And then it's a real shock."

The annual report from Genworth, which sells policies to cover long-term care, looks at costs for a variety of services, including adult daycare, and home health aides. And nursing home bills are rising at the fastest pace, twice the rate of U.S. inflation over the last five years. One year in a nursing home now costs nearly as much as three years of tuition at a private college.

For its report, Genworth surveyed 15,000 nursing homes, assisted living facilities and other providers across the country in January and February. It found wide differences from state to state. In Oklahoma, for instance, the median cost for a year in a nursing home came out to \$60,225. In Connecticut, it was \$158,775. Alaska had the highest costs by far, with one year at \$281,415.

So, who pays the nursing-home bill? "A lot of people believe Medicare will step in and cover them, but that's just not true," said Bruce Chernoff, president and CEO of The Scan Foundation, a charitable organization. Medicare will cover some short visits for recovery after a surgery, for instance, but not long-term stays.

Often enough, experts say senior citizens wind up spending their savings

until they hit their last \$2,000, and at that point they can turn to Medicaid, the government's health insurance for the poor, to help cover the bill. As a result, Medicaid pays for more than half of the country's long-term care bill. That cost accounts for more than a quarter of Medicaid spending, according to the Kaiser Family Foundation.

Genworth and other insurers offer long-term care policies to help people shoulder the financial burden. But people have to be healthy enough to qualify for coverage. Those who take out policies find their insurance bill rises steadily as they age.

Caldwell described Genworth's survey as essentially a marketing pitch. "Of course they want people to see how much it costs to sell long-term care insurance," he said. "What they're not telling you is that the long-term care coverage is becoming more and more unaffordable for middle-class families."

Mounting costs have also pushed many insurance companies out of the business. Four of the five largest providers have either scaled back their business or stopped offering new policies. The largest provider, Genworth, has struggled under the weight of old policies.

Less-intensive care remains much cheaper than staying at a nursing home, according to Genworth's survey. One year in an assisted-living facility runs \$43,200. A year of visits from an agency's home health aides runs \$45,760.

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