

# Survey Shows Long Term Care Costs Rising; Be Prepared with Comparison Shopping

A new benchmark study on the costs of long term care reports a rise since 2004 in both nursing home care and home health care. The survey points out the value of long term care insurance for those entering their retirement years who are concerned about assisted living needs later in life.

Home health care, assisted living facilities and nursing homes carry costs that can quickly drain the resources of the average retiree. Consider these costs, reported in the recent Genworth Financial Cost of Care Survey:

- The average annual cost of a private room in a nursing home in 2005 is \$69,400, or \$190 per day, while a semi-private room costs just slightly less at \$61,000 per year, or \$167 per day. Those rates have gone up 6 percent since 2004.
- A private room in an assisted living facility carries an average annual cost of \$30,300, a 5 percent increase from 2004. This cost does not include entrance fees, community fees or additional health-care services.
- Home health aides cost an average of \$18.58 per hour, up from \$18.43 last year. Non-certified homemaker rates averaged \$16.82, up from \$16.67 in 2004. These services, used by people who need some care but wish to continue to live at home, can quickly add up to be as costly as residing in a facility.

Genworth surveyed more than 7,000 facilities and providers across the U.S. in May, 2005 to get its comprehensive view of long term care expenses. Urban dwellers can expect to pay on average 12 percent more than rural residents, **and up to 50 percent more in expensive, heavily populated areas of California and New York.**

## What You Can Do

When you see these costs, consider how they would fit into your budget if you were to need assisted living, home health care or a nursing home stay. The answer for many middle-income people would be that their resources would not go very far.

The prudent financial planning move is to calculate the value of your income, investments and home equity, and your anticipated financial needs in retirement, then consider whether you should invest in long term care insurance. Paying premiums today could keep you financially secure in old age.

If your current assets are not sufficient to cover yearly living costs of \$30,000 to \$60,000 on top of expected medical and prescription drug costs, then consider buying a long term care insurance plan. You will need monthly income today that allows you to cover the premium for your plan, but it may mean you can live comfortably in your old age and pass on an inheritance to the next generation.

Long term care policies contain a number of variables, such as coverage, length of time and limits on dollar amounts they will pay per day. Because of these potential differences, prudent buyers compare policies. With the best comparison shopping among the best companies available in the industry, you can arrive at a policy that will make those ever-increasing costs for nursing homes or other long term care options affordable.

