

## CAN YOU AFFORD LONG-TERM CARE WITHOUT INSURANCE?



By: Joshua Rodriguez - November 17, 2023

About 70% of people need some form of long-term care by the time they're 65 years old. Of course, that care comes at a cost. And, some people purchase a long-term care insurance policy to cover those types of expenses, while others pay for it on their own.

But long-term care is expensive, and prices are only increasing, so chances are that at least some of the people who decide to pay for care on their own are unaware of just how expensive it is. But just how much does long-term care cost, can you afford it without insurance and would you want to pay for your care out of pocket?

### Can you afford long-term care without insurance?

You may not be able to afford the long-term care you need, even if your retirement account is flush with funds. The simple fact is that this type of care can become expensive quickly, and your plans to reduce or cover the cost may be inadequate.

Here are a few things to consider as you plan for your potential long-term care needs:

### Aging in place doesn't typically save money

One way people may try to save money on their long-term care is to age in place. However, chances are that aging at home could actually add to your cost.

"In reality, around-the-clock (24/7) long-term care services in the home cost more than living in a nursing home, assisted living, or memory care" facility, says Arvette M. Reid, Client Ser-

vices Director of the Lifecare Affordability Plan. "Most people think staying at home is cheaper than moving to a community, but they only think about minimal help and not when they need 24 hours of care."

So, aging in place likely won't save you money. However, a long-term care insurance policy could help you cover the cost of care, even if you plan on staying in your home.

### Medicare and Medicaid generally don't cover long-term care expenses

Many people are under the misconception that Medicare or Medicaid will cover their long-term care costs. However, long-term care expenses "are out-of-pocket costs typically not covered by Medicare or Medicaid," Reid says.

If you plan to rely on Medicare or Medicaid for your long-term care to cover these types of costs, it's time to create a different plan. A long-term care insurance policy could provide a reasonable plan to pay for your care.

### The cost of long-term care is rising quickly

Inflation isn't just something you experience in the grocery store or at the gas pump. The cost of long-term care is rising as well — and it's quickly increasing.

"A decade ago, healthcare inflation was at 5% to 8% each and every year. Now, post-pandemic, we are seeing a 10% to 20% increase each year in service costs," says Larry Hendrickson, founder and managing partner at G&H Financial Group. "Healthcare professionals leaving the industry has resulted in increased healthcare costs across the board."

"The cost of in-home, non-skilled care went from \$18.00 to \$24.00 to \$25.00 to \$38.00 per hour," Hendrickson says. "Independent living to

skilled nursing care costs range from \$50,000 to well over \$100,000 per year."

### How much money does long-term care really cost?

The cost of your long-term care depends on the type of care you need.

"There are three basic levels of facility care," says Lori Gross, financial and investment advisor at Outlook Financial Center. "There are other options beyond these."

However, these are the main three: at home, assisted living facility and skilled nursing home. So, how much do they cost?

- **At home:** According to a 2021 Genworth cost of care survey, the average in-home health aide charges \$5,148 per month.
- **Assisted living facility:** The same Genworth survey found that the average assisted living facility charges residents about \$4,500 per month.
- **Skilled nursing home:** Finally, the survey found skilled nursing homes to be the most expensive of these three care options. The average skilled nursing facility charges \$7,908 per month for a semi-private room and \$9,034 per month for a private room.

Considering these averages, long-term care could cost anywhere from \$54,000 to \$108,408 per year on average.

### The bottom line

There's a seven in 10 chance that you're going to need long-term care at some point in your life. Will you be able to afford the cost of care when that need arises? If so, would you want to pay that much money out of pocket? Purchase a long-term care insurance policy today to plan for your future care costs.

Larry Hendrickson, founder of G&H Financial Group, provides an unparalleled level of support and customer service to clients while helping achieve their financial goals. With more than a decade of experience in the financial planning industry, Larry knows the importance of having the right people on your team.



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