

## LONG-TERM CARE

### What Is Long-Term Care?

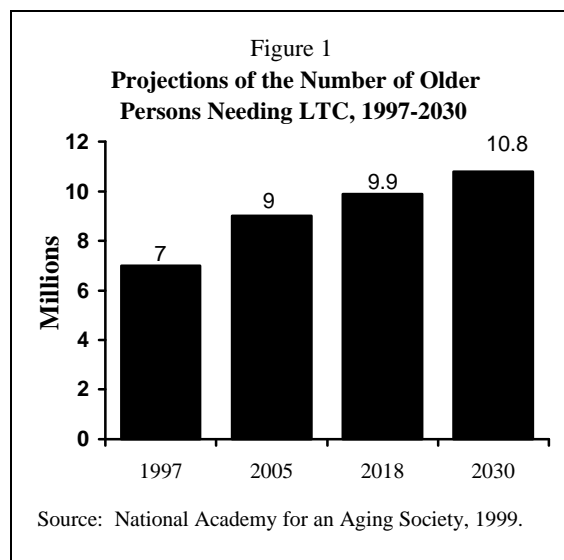
Long-term care is the umbrella term for the array of supportive services used by persons who need assistance to function in their daily lives. For most of these individuals, such services are essential for their continuing independence and ability to live in their communities.

Long-term care services include nursing care, home health care, personal care, rehabilitation, adult day care, case management, social services, assistive technology, and assisted living services. This array of services is provided in a variety of settings including private homes, supportive housing, and nursing facilities. Long-term care services may be needed on a regular or intermittent basis over a period of several months, several years, or a lifetime.

Conditions that may lead to a need for long-term care include physical frailty or disability, developmental disabilities, mental illness, AIDS, Alzheimer's disease, spinal cord injury, or stroke. The need for long-term care is generally measured by assessing limitations in an individual's capacity to perform or manage tasks of daily living, including self-care and household tasks.

### The Long-Term Care Population

People of all ages may need long-term care. However, older people are the primary users of long-term care services because functional disability increases with advancing age. About 7 million persons age 65 and older needed long-term care services in 1997. It is projected that the number will rise to 10.8 million by 2030. (See Figure 1.)



### Who Provides Long-Term Care?

Most long-term care is provided informally by unpaid family members and friends. About 64 percent of older persons with severe disabilities who reside in the community rely exclusively on help from family and friends. According to a 1996 AARP survey, 73 percent of informal caregivers were women, and 12 percent of informal caregivers were age 65 or older.

In 1998, about 1.5 million persons received long-term care services in over 17,000 certified nursing facilities. An estimated 600,000 people were living in about 28,000 assisted living facilities in 1998. About 8 million people received medical and personal care services from more than 20,000 home health care agencies and hospices in 1998.

### The Cost of Long-Term Care

Long-term care can be very costly. In 1998, the average annual cost of care in a nursing home was about \$56,000.

The cost of care at home varies, depending on an individual's needs. In

1997, the average cost for nursing services or physical therapy at home was \$77 per visit.

Assisted living rates ranged in 1998 from several hundred dollars a month to more than \$3,000 a month. Rates vary, depending on region, size of the accommodations, services available, quality of care, and amenities.

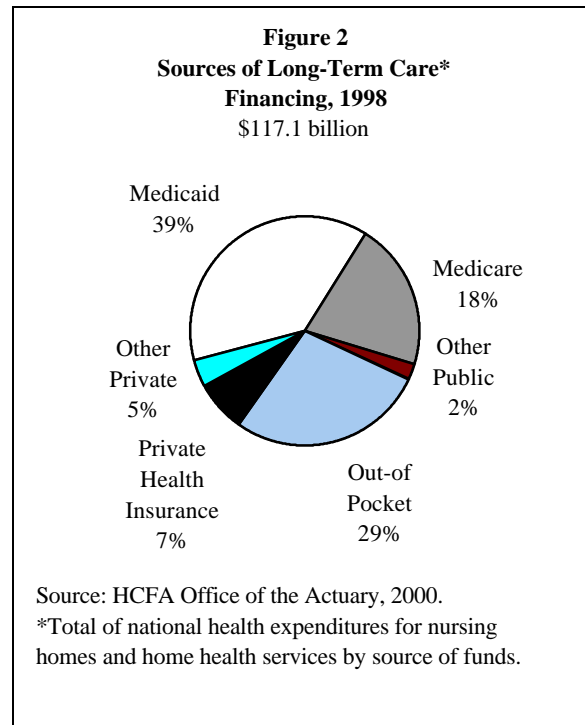
Family and friends frequently provide informal (i.e., unpaid) care and incur both direct costs as well as lost wages and benefits and less time for personal and family life.

### **Paying for Nursing Home and Home Health Care**

Expenditures for nursing home care and home health care — two major long-term care services — totaled \$117.1 billion in 1998; Medicare and Medicaid accounted for over half this amount. Individuals paid out-of-pocket for almost 30 percent of nursing home and home health care costs, with private health insurance accounting for another 7 percent. (See Figure 2.)

Spending for nursing home care totaled \$87.8 billion in 1998 and for home health care, \$29.3 billion. The major source of funding for *nursing home care* was Medicaid, which paid \$40.7 billion (46 percent) for these services in 1998. Out-of-pocket spending totaled \$28.5 billion (33 percent), Medicare's share was \$10.4 billion (12 percent), and private insurance accounted for \$4.7 billion (5 percent).

For *home health care*, Medicare was the largest payer with expenditures of \$10.4 billion (36 percent) in 1998. Out-of-pocket spending for home health care totaled \$6.0 billion (21 percent), and Medicaid spending, \$5.0 billion (17 percent). Private insurance accounted for \$4.0 billion (14 percent) of home health care expenditures.



Sources: C. McKen Cowles, 1998 Nursing Home Statistical Yearbook; Health Care Financing Administration, 1998 National Health Expenditures; National Alliance for Caregiving/AARP, Family Caregiving in the U.S.; National Association for Home Care, Basic Statistics about Home Care 2000 and Basic Statistics about Hospice 1999; National Center for Assisted Living. 1998 Facts and Trends: The Assisted Living Sourcebook.

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