

Long-Term Care

What is Long-Term Care?

Long-term care is an array of long-term services and supports used by people who need assistance to function in their daily lives. For many, these services and supports help preserve the ability to live in one's community or to remain employed.

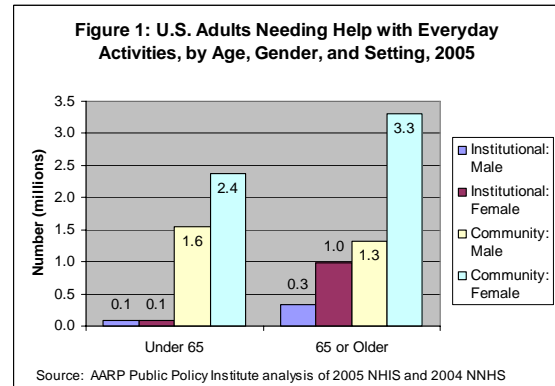
Long-term care includes personal care, rehabilitation, social services, assistive technology, home health care, home modifications, care coordination, assisted transportation, and more. Services may be needed on a regular or intermittent basis over a period of several months, years, or a lifetime. Services may be delivered in individual homes, in assisted living or supportive housing, in adult day centers, or in nursing facilities or other institutional settings. Older people with disabilities overwhelmingly prefer to receive long-term care in their own home or a community setting.¹

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 usually measured by assessing limitations in an individual's capacity to perform or manage tasks of daily living, including self-care and household tasks.

Who Needs Long-Term Care?

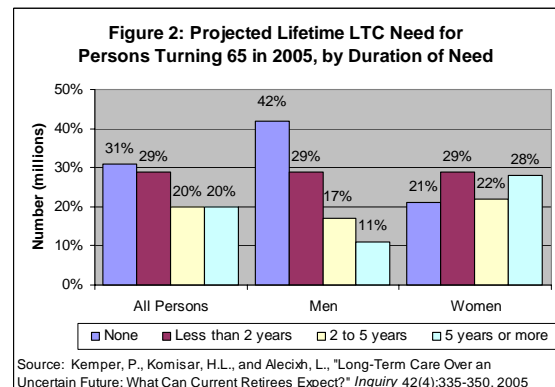
People of all ages may need long-term care. Older people are the primary users of long-term services and supports because functional disability increases with advancing age. In 2005, about 10 million people age 18 or older needed assistance from others to perform everyday activities (see figure 1), and more than 30 million had some type of activity limitation. About 60% of adults needing help with everyday activities, and about 40% with any activity limitation were 65 or older. Women are also disproportionately more likely to need long-term care than men.²

As the U.S. population ages, the number of people needing long-term care will rise. On



average, two-thirds (69%) of people age 65 today will need some long-term care. The average duration of need, over a lifetime is about three years.³

Women live longer and have higher rates of disability than men, so older women are more likely to need care (79% vs 58%), and on average need care for longer (3.7 years vs 2.2 years). While most people will need some long-term care, only 20 percent are expected to need it for 5 years or more (see figure 2).



Who Provides Long-Term Care?

Most long-term care is provided informally by unpaid family members and friends. In 1999, two-thirds of older people with disabilities residing in the community relied exclusively on informal, or unpaid, help. Of those who used any formal or paid help, about three-fourths also received unpaid care from friends and family.⁴ The total economic value of family caregiving was \$350 billion in

2006: more than what was spent on all formal long-term care, including both institutional and home and community-based services.⁵

In 2004, about 1.5 million people received long-term care in certified nursing facilities and nearly 1 million people lived in assisted living facilities in 2004.⁶ About 2.5 million Medicaid beneficiaries (2003) and 3 million Medicare beneficiaries (2005) received services from home health agencies in the most recent years for which data are available.

The Cost of Long-Term Care

Long-term care can be very costly. In 2006, the average private pay cost of care in a nursing home was about \$75,000 for a private room and \$67,000 for a shared room. In the same year, the average private pay cost for a home health aide to provide care at home was \$19 per hour, or \$76 for a 4 hour visit.⁷

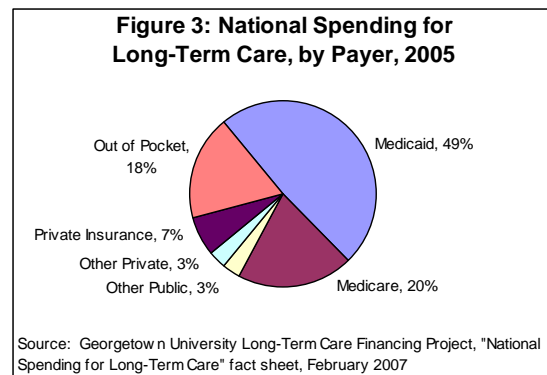
Assisted living rates averaged \$35,600 per year in 2006. Rates vary, depending on region, size of the accommodations, services available, quality of care, and amenities.⁸

Family and friends who provide informal care often incur both direct costs as well as lost wages and benefits. About half of family caregivers contribute financially, an average of \$200 per month. Among caregivers with the most intense level of responsibility – 40 or more hours of care per week and helping with 2 or more activities of daily living – nearly all report major changes in their working patterns and 35 percent gave up work entirely.⁹

Total Long-Term Care Expenditures

Expenditures for nursing facility and home health care – the two major categories of long-term care services – totaled \$207 billion in 2005. Public spending, including Medicaid and Medicare, accounted for 72% of this amount, a total of \$149 billion. Private sources, including insurance and out-of-pocket expenditures, accounted for \$58 billion, or 28% of the total (see figure 3).¹⁰

Spending for nursing facility care totaled \$130 billion; the major payer was Medicaid, which paid for 45%. Medicare covered 17%, private insurance 7%, out-of-pocket 25%, and other sources 6%.



Spending for home health care totaled \$77 billion; Medicaid was again the largest source with 55% of that total. Medicare covered 27%, private insurance 7.5%, out-of-pocket 7%, and other sources 4%.

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¹ Gibson, M.J. et al, "Beyond 50.03: A Report to the Nation on Independent Living and Disability" AARP, 2003

² AARP Public Policy Institute analysis of 2005 National Health Interview Survey (NHIS) and 2004 National Nursing Home Survey (NNHS)

³ Kemper, P., Komisar, H.L., and Alecixh, L., "Long-Term Care Over an Uncertain Future: What Can Current Retirees Expect?" *Inquiry* 42(4):335-350, 2005

⁴ Spillman, B., and Black, K. "Staying the Course: Trends in Family Caregiving" AARP, 2005

⁵ Gibson, M.J., and Houser, A., "Valuing the Invaluable: A New Look at the Economic Value of Family Caregiving" AARP, 2007

⁶ Spillman, B., and Black, K. "The Size and Characteristics of the Residential Care Population: Evidence from Three National Surveys" DHHS, 2006

⁷ MetLife Mature Market Institute, "2006 MetLife Market Survey of Nursing Home and Home Care Costs" 2006

⁸ MetLife Mature Market Institute, "2006 MetLife Market Survey of Nursing Home and Home Care Costs" 2006

⁹ AARP and NAC, "Caregiving in the U.S." 2004

¹⁰ Georgetown University Long-Term Care Financing Project, "National Spending for Long-Term Care" 2007