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www.alz.org

The Financial Toll of Alzheimer's

A diagnosis of Alzheimer's has more than just medical implications — there are financial issues, too.

An estimated 5 million people in the United States have Alzheimer's disease; this number is expected to double by the year 2050 as the elderly segment of our population grows. Specifically, as Boomers age, the incidence of Alzheimer's disease will proliferate.

Not only does the disease have a significant emotional impact on individuals and their families, it also causes severe family financial burden and places considerable demands on the greater public health system. Most families take

care of long-term care using these two resources:

- At-home caregivers (private pay)
- Medicaid (or Medi-Cal in California)

While some long-term care insurance policies cover the level of care needed by an Alzheimer's patient, most people don't have such policies.

AT-HOME CAREGIVERS

Recent research reveals that most individuals with Alzheimer's (70 percent) are cared for at home for the duration of the disease. Family and friends provide the majority of this

Cost of Care

- On average, families contribute an additional \$218 monthly toward the care of their loved one.
- The average hourly rate for an in-home health aid is \$19/hr or \$152 for an eight-hour day.
- Adult day care services average \$56 per day, but can range from \$25 a day to \$100 daily.
- The average cost for a private, one-bedroom unit in an assisted living facility is approximately \$45,000 per year.
- The average cost for a private, one-bedroom unit in a nursing home is \$72,000 per year.

care. On average, these families contribute an additional US\$218 monthly toward the care of their loved one. This results in an annual contribution of more than \$12,000, in addition to providing 24/7 care for that individual. Considering the fact that most individuals live with the disease for eight years (the range is two to 25 years), this financial burden can quickly compound into six-digit figures. Specifically, if an individual with the disease lives for eight years, the bill would be \$100,000. However, if the individual lives 15-20 years after diagnosis, the family is faced with a financial toll ranging from \$188,000-\$250,000.

Given that the majority of care is done at home, many families are looking for part-time or full-time in-home assistance. These options include: home health aids, adult day care services, and adult day health care programs. These options average from \$56 to \$152 daily. For example, adult day care services average \$56 per day, but can range from \$25 to \$100 a day. The average hourly rate for an in-home health aid is \$19, or \$152 for an eight-hour day. These calculations don't include the costs of any institutional care such as assisted living or nursing home care.

MEDICARE

Many people falsely assume that Medicare will take care of long-term care needs. Unfortunately, Medicare pays for only a very small portion of these expenses. Recipients pay premiums entitling them to health services, limited home

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Primary Sources for Long-Term Care Financing

Most families finance Alzheimer's care using multiple resources:

- 36% out of pocket
- 20% Medicare
- 29% Medicaid (Medi-Cal)
- 5% Other (long-term care insurance)

health care, and prescription drugs. Medicare also covers short stays in skilled nursing facilities when the need for admission immediately follows hospitalization for an acute illness (such as a heart attack or broken hip). Medicare will not subsidize on-going, long-term care in an assisted living community or nursing home.

MEDICAID

Medicaid (Medi-Cal in California), is a publicly funded program that funds health services for low-income or disabled Americans. The program obtains funds from both the federal government and individual states. Unlike Medicare, Medicaid covers basic health services and other long-term care services (including nursing home care). Unfortunately, to qualify for Medicaid, recipients must be considered "poor" or "indigent" by state standards. In California, this means

that a single person with the disease must have no more than US\$2,000 in liquid assets. This person may also be allowed to keep a car and their house (if they intend to return to it). Fortunately, there are certain allowances for the well spouse, so their assets are somewhat protected. Specifically, the well spouse may keep up to \$100,000 in assets as well as a car and the house (as long as the equity is valued at no more than \$750,000).

RX: PREPARATION

These statistics certainly give a grim snapshot of the financial toll Alzheimer's can take on a family. Whether the person will be cared for at home, in an assisted living community, or a nursing home, the costs add up and compound rapidly. The best protection a family

can have is to plan ahead. It is imperative that the family (and the individual, depending on the stage of the disease) start talking among themselves, to other family members, and to professionals specializing in eldercare financial planning. The goal of this communication is to prevent you from having to manage your finances in crisis mode, thereby minimizing the potential negative, life-long impact on your family's financial health. **ADVISOR**

Resources to Help You

The Alzheimer's Association can give you referrals for care options and planners, support, and education.

1-800-272-3900, www.sanalz.org

The Eldercare Locator is a service from the U.S. Administration on Aging that connects older Americans with information on senior services such as Medicare and health insurance counseling.

www.eldercare.gov