



# Assisted Living Costs and Affordability

A Guide to Assisted Living Fees and Payment Options



THE Arbors<sup>®</sup>  
& THE Ivy<sup>®</sup>  
*Assisted Living Residential Communities*



## Payment Structures

When it comes to payment structures, you'll find three different models of monthly payment plans that vary among communities. Here's a quick explanation of each.

### 1. All inclusive

With an all-inclusive payment structure, you receive one monthly bill for rent, some utilities, meals and services that can include housekeeping, laundry, personal care, recreational activities, transportation and other services. All-inclusive assisted living communities may also offer additional services as needed for an extra fee.

It's important to remember that the definition of "all inclusive" varies among assisted living communities. For example, a service such as medication management or scheduled transportation that's covered in one community's package may not be included in the rate charged by a different all-inclusive community.

### 2. Levels of Care

Also known as "tiered pricing," contains three or four levels into which services are grouped. Each tier comes with a certain number of care hours (often called points). A person who needs little or no additional care would be placed in the lowest, least expensive level while a person requiring a great deal of extra care would be in the highest, most expensive tier. Tiered assisted living communities regularly reassess residents to ensure that they are in the appropriate care level, also meaning your monthly fees can change often.

### 3. Fee for Services

With a "fee for services" (also known as A La Carte pricing) payment plan, you pay a flat monthly fee for rent or maybe rent and meals. Then you pay an additional amount for each service provided. For example, an assisted living community might charge a flat monthly fee or an hourly fee to manage a resident's medication. With this model, fees can be more in line with specific services needed. The fee for services payment plan can be unpredictable, and change often.

# All Inclusive vs. Fee for Services

While fee for service and levels of care pricing structures can mean a steady (or sometimes drastic) change to your monthly bill, all-inclusive pricing is much more predictable for families.

Fee for service and levels of care are often the better option if you do not expect your needs to change in the future.

Here are three benefits to an all-inclusive pricing structure that may be worth considering.

## 1. Price doesn't increase as your needs change

Many assisted living and memory care communities offer a low, introductory monthly rate to make the pricing structure seem more appealing. But, as soon as your loved one needs additional health services, price increases. Price can increase for as little as 15 additional minutes of service per week depending on the community.

With all-inclusive pricing, you can count on one price for assisted living lodging and care.

## 2. Easier to manage your budget

As previously mentioned, with levels of care pricing, your price could significantly increase from one month to the next with little to no notice. If you cannot afford this price raise, families often-times have to make alternative arrangements very quickly and possibly even plan another move. It can be hard to budget for other life expenditures with a constant fluctuation of pricing.

## 3. Care when you need it

With levels of care pricing or a la carte pricing, when it has been determined that additional care is required; there may be a lapse in time before the new level of care is provided due to obtaining permission from the family to add the additional services. Permission needs to be obtained from those responsible for paying the monthly bill regarding the increase that will occur as services increase



When trying to decide which payment model is best for you or a loved one, it helps to ask yourself a few questions about your needs and lifestyle.

- Do you or a loved one have an illness or disease that is expected to progress, requiring additional personal care services over time?
- How important to you is predictability when planning for assisted living costs?
- Are you or your loved one fairly healthy now, but prefer to be prepared for future costs associated with care?

All-inclusive pricing, as compared to fee for service and packaged care pricing, make budgeting easier, and allow care providers to provide the best care at a moment's notice without worrying about the impact providing care will have on a resident's monthly bill. While fee for service and packaged care may be the more affordable option for a few, generally all-inclusive pricing will create cost savings over the duration of a resident's stay with the community.

# Options Available to Pay for Assisted Living

Most families pay for assisted living costs on their own by using a combination of pensions, home equity and savings. But many people mistakenly assume that Medicare will pay at least a portion of their assisted living costs. However, Medicare, along with most health insurance plans (including Medicare supplement insurance) do not pay for assistance with daily activities such as dressing, bathing and using the bathroom.

However, there are numerous other ways you can pay for assisted living.

## 1. Private Pay

You can pay for at least a portion of assisted living cost with personal income, social security, pension or other private income.

## 2. Assets

Many people sell their homes and use the proceeds, along with savings, to pay for assisted living costs. Others keep the home in the family and rent it out for extra revenue. You can also cash in 401k plans, IRAs or other investments. If you own your home, and your husband or wife plans to continue residing there, you might consider a reverse mortgage, a loan that lets you borrow against the home's equity without selling the house.

Before you can get a reverse mortgage, you're required to participate in counseling from an approved reverse mortgage counselor. For detailed information and resources on reverse mortgages, visit the [National Reverse Mortgage Lenders Association](#).

## 3. Veterans Benefits

If you're a U.S. military veteran or a surviving spouse, you may be eligible for the U.S. Department of Veterans Affairs [Aid & Attendance](#) benefit, a monetary amount in addition to any pension an eligible veteran is receiving. To learn more about eligibility requirements and benefits, click [here](#) or call Veterans Affairs at (800) 827-1000 for more information.

## 4. Medicaid

In many states, low-income residents may qualify for assisted living financial assistance, however, many communities have a set limit of Medicaid units available. Get an overview of Medicaid benefits for assisted living and a state-by-state guide [here](#). You'll also find answers on this site to questions about Medicaid and how to spend down your assets in order to be eligible for Medicaid [benefits](#).

## 5. Bridge Loan

A bridge loan is a short-term loan used to pay for a move to assisted living or skilled nursing for a short-term basis while you're waiting on your home to sell or for liquidation of other assets. It can be ideal if your aging loved one's care needs suddenly become too urgent to wait until their house sells. A bridge loan is typically used for 6 to 12 months, assuming that their home will sell within the length of time specified in the contract.

## 6. Annuity

An [annuity](#), where you pay a lump sum or a series of payments to an insurance company and then receive regular payments, may be an option if you're concerned about outliving your retirement savings. With an annuity, what's considered a resource when it comes to Medicaid benefits is complex, so consult an accountant or financial adviser before going this route.

## 7. Long Term Care Insurance

Long term care insurance reimburses you up to your policy limit for daily long-term services such as assisted living and skilled nursing. Cost depends on your age when you purchase the policy, type of policy, maximum amount paid per day and the lifetime maximum. Many long-term care insurance policies have limits of two to five years. However, others remain in effect for as long as you live. Most long-term insurance providers won't issue a policy once you're already in need of long-term care, so it's wise to plan ahead.

Here is additional information about long-term care insurance:

- [Longtermcare.gov](http://Longtermcare.gov) at the U.S. Department of Health and Human Services.
- State Health Insurance Assistance Programs (SHIP). These programs receive money from the federal government to offer local health insurance counseling to people with Medicare at no cost. To find out more about SHIP programs, look up your state insurance department at [Medicare.gov](http://Medicare.gov).
- Download a free copy of [A Shopper's Guide to Long-Term Care Insurance](#) from the National Association of Insurance Commissioners (NAIC) or call 1-866-470-6242 to order the guide. For a quick overview, visit NAIC's [fact sheet](#) on buying long-term care insurance.

## 8. Life Insurance Advance

Some life insurance policies allow a tax-free advance on your life insurance death benefit while you're still alive in order to pay for long-term care. The accelerated benefit payment is typically limited to 50 percent of the advanced death benefit. The death benefit advance amount is usually dispersed in monthly payments, and the money is then subtracted from the amount available to your beneficiaries.

## 9. Life Insurance Settlements

You may be able to sell your life insurance policy for its current value. Typically, this option is available only to women 74 and older or men 70 and older. Unlike the death benefit advance, the settlement amount is taxed.

# How to Compare Assisted Living Pricing Structures

Now that you know all about the different pricing structures among assisted living communities, let's look at how to determine which payment model suits your current and future needs.

When you contact an assisted living community for more information, one of the first questions to ask is which pricing model - all inclusive, level of care (tiered) or fees for services - the community uses.

The National Center for Assisted Living (NCAL) recommends asking the following questions when comparing pricing and getting a written copy of the answers:

- What is included in the basic monthly cost?
- Does the community have a written schedule of fees for extra services?
- What circumstances might cause fees to change, and how much notice does the assisted living community provide if there is a fee increase?
- Is there a security deposit or entrance fee, and what is the refund policy?
- Can service agreements or contracts be amended?
- Does the assisted living community participate in Medicaid?
- Ask for a list of services and activities that cost extra.

Also, be sure to inquire about any cost for extra help that isn't included in the package price.

## Making the Decision

When deciding on an assisted living community, it's important to compare exactly what you'll receive – services, amenities and pricing models – to determine which type of community best serves your needs.

While price should not be the only deciding factor, it can play a large part in the decision. Make sure to review the potential contract you would be signing and be sure that it states the arrangements, all costs and services, types of care and resident rights.

By understanding assisted living costs your one step closer to finding the right community for your loved one.

### Making the move to an Assisted Living facility?

This free guide provides advice on how to make downsizing easier, tips on selling a home and how to plan for a stress-free moving day.

**GET YOUR FREE GUIDE NOW!**



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### Who we are

Our customers take comfort in the fact that The Arbors/ Ivy is a locally owned family business. Our residents are proud to call The Arbors/ Ivy home with our exceptional staff and the kind of experience that comes only from family owned and operated company who pays attention to the little details.

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# Resources

Your Guide to Reverse Mortgages <http://www.reversemortgage.org/>

U.S. Department of Veterans Affairs: Aid & Attendance <http://bit.ly/2ymBnqm>

Paying for Senior Care: VA Aid and Attendance Program and other Benefits for Aging Veterans <http://bit.ly/2BzMw9L>

Paying for Senior Care: Massachusetts Personal Care Attendant Program <http://bit.ly/2kZqTEG>

Paying for Senior Care: Medicaid's Assisted Living Benefits: Availability and Eligibility <http://bit.ly/2zg9Vae>

Paying for Senior Care: How Medicaid Spend Down Works? Rules, Exemptions & Limit <http://bit.ly/2BnmDpt>

Paying for Senior Care: Eldercare Frequently Asked Questions and Helpful Guides <http://bit.ly/2Bjjvej>

Longtermcare.gov: Annuities <http://bit.ly/2C9d4yV>

Medicare.gov: Helpful Contacts <http://bit.ly/2BV3XxE>