



Paying for Long-Term Care: The Complete Guide

Long-term care can quickly become a financial burden to seniors and their families who may not have a plan or know their options. This guide provides an overview of the different types of senior care and their relative costs, as well as a comprehensive list of options for covering care expenses for your loved one now or in the future.

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Get expert senior living advice at no cost to your family, as we are paid by participating communities.

Connect with a Senior Living Advisor today. [1-866-204-0581](tel:1-866-204-0581)

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An overview of long-term care costs

Long-term care costs vary significantly based on the type and level of care provided. The chart below provides a cost comparison by care type at a glance. A Place for Mom’s proprietary cost data represent the median of what seniors actually paid in 2023 for their room and board plus any necessary care, services, and add-on fees.

National median costs

Home care	Independent living	Care home	Assisted living	Memory care	Nursing home
\$30 per hour	\$3,100 per month	\$4,500 per month	\$4,995 per month	\$6,200 per month	\$8,669-\$9,733 per month ¹

Understanding costs

While the level of care provided is key in estimating costs, the following factors can also affect prices.

- **Location.** Senior care is typically more expensive in large metropolitan areas, near desirable destinations, and in areas with a higher cost of living. If living in a cheaper area is an option, it may be worth researching costs in other cities to determine what areas best fit your loved one’s budget.
- **Type and size of accommodations.** Senior living communities offer various types of accommodations. Assisted living, memory care, and nursing homes typically offer private or shared rooms and studios, while some independent living communities offer stand-alone cottages or full-size houses.
- **Pricing structure.** Some senior living communities are all-inclusive, while others use an a la carte pricing model that allows residents to pay only for the services and amenities they want and need. Always inquire about admission fees and deposits as well. If you’re working with a home care agency, make sure you understand what the hourly rate is and whether there’s an hourly minimum per visit or per week. Ask agencies if they charge any administrative fees, too.

- **Amenities and activities.** Community amenities vary widely — from luxury, resort-style to simple, no-frills options. These on-site features have a direct impact on pricing. Consider your loved one's lifestyle and priorities when making a budget and researching senior living. For example, if your parents like to stay fit and active, a community with a gym and a wide variety of exercise classes might be ideal.

You need to know:

Understanding your loved one's care needs can help you estimate costs

The type and amount of services your family member requires will affect the total cost of their care. For example, an older adult who only needs help with meal preparation and transportation a few times a week will pay less than someone who needs daily help with bathing, dressing, and toileting. Care costs may also change over time as a senior's needs evolve.



Which care type is the best fit for your loved one?

Answer a few questions to get personalized care recommendations and advice.

Take our care quiz

The table below offers a side-by-side comparison of long-term care options and the services each provides. Note that exact services may vary by provider.

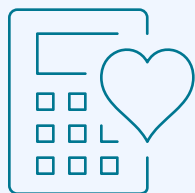
	Home care	Independent living	Assisted living	Memory care	Nursing home
Meal services	X	X	X	X	X
Housekeeping and laundry	X	X	X	X	X
Social activities	X	X	X	X	X
Exercise classes			X	X	X
Secured grounds		X	X	X	X
Transportation for errands and activities	X	maybe	X	X	
Transportation to medical appointments	X	maybe	X	X	X
Medication reminders	X		X	X	X
Medication administration			X	X	X
Help with daily activities (ADLs)	X		X	X	X
Physical and occupational therapy			X	X	X
Skilled nursing care			maybe	X	X
Memory-enhancing activities and therapies	X		X	X	maybe
Specialized dementia care services	X			X	X
24-hour care and supervision			maybe	X	X
Safe layouts for wandering behaviors				X	maybe
Unique facility layout and design to reduce confusion				X	maybe

Private pay options

Many families struggle with paying for senior care. It's important to understand your loved one's options well ahead of time to help them leverage all their assets. Typically, seniors pay for long-term care using a combination of the private funds detailed below. Family members might also pool resources to help their loved one receive the best possible care available to them.

Personal and retirement funds

Your loved one's retirement income, pension funds, retirement accounts, and personal savings may help cover the cost of senior care. If they own stocks, bonds, or other investments, they may be able to sell such assets or use dividends to pay for long-term care.



Try our senior living cost calculator

Learn how your loved one's current expenses compare to senior living prices in your area.

[Explore the cost calculator](#)

Home equity

If your senior family member owns a home or property, there are many ways they can use it to help pay for their care. The following is a list of ways that older adults typically use home equity to cover long-term care costs.

- **Sell a home to free up cash.** If your loved one is moving to a senior living community, it may make sense to sell their home and use the proceeds to fund monthly long-term care costs.
- **Use a home as an investment by renting it out.** If your family wishes to keep your loved one's home while generating income to help pay for their care, renting it out for short-term or long-term stays may be worth considering.

- **Take a reverse mortgage loan.** A reverse mortgage allows an eligible homeowner to borrow money against their home equity. However, this type of loan is usually only advisable if a senior plans to age in place long term. Proceeds from a reverse mortgage may be used to pay for things that support this goal, like home modifications and in-home care. If there's a chance your loved one may want or need to move out of their home in the near future, then the reverse mortgage will come due unless their spouse or a co-borrower continues residing in the home. There are different types of reverse mortgage loans, each with different eligibility requirements and terms. It's important to carefully research all options and consult a financial advisor before making a decision.
- **Take a bridge loan.** This short-term loan can help fund senior care while waiting for your loved one's home to sell, while waiting for benefits to kick in, or while liquidating other assets to cover care expenses.

Long-term care insurance

Long-term care insurance policies may cover some or all costs associated with senior care. Coverage varies based on the terms of each specific policy. Policies may help pay for the following:

- Nonmedical in-home care
- Home health care
- Adult day care
- Assisted living
- Memory care
- Hospice or palliative care
- Nursing home care

If your family member has a long-term care insurance policy, it's important to discuss exactly what it covers with the insurer before making care decisions.

Additionally, you should make sure the care provider you choose has the appropriate certifications or licenses covered under your loved-one's specific long-term care policy.

Long-term care insurance benefits work in different ways. Depending on the policy, it may:

- Pay the beneficiary an amount totaling all out-of-pocket senior care expenses
- Pay a set dollar amount to the beneficiary regardless of the actual costs incurred
- Pay the full benefit amount whether or not the beneficiary is receiving senior care
- Pay approved care providers directly for services provided to the beneficiary

Life insurance

The purpose of life insurance is typically to provide a death benefit for the insured's named beneficiaries. However, it may be possible for your loved one to use their life insurance policy to help pay for long-term care. Exact options will depend on the type of life insurance policy your loved one has.

Below are some ways families typically use a life insurance policy to help fund senior care:

- **Selling a life insurance policy to a third party for a lump sum.** This transaction may also be referred to as a life insurance settlement.
- **Surrendering part or all of a life insurance policy to the insurer.** If the policy has accumulated cash value, the insurer will write a check for the surrender value (cash value minus any fees and unpaid premiums). It's important to note that the amount received will likely be taxed.
- **Borrowing against a life insurance policy.** A life insurance policyholder may be able to get a loan against most of the cash value of the policy. Unless the loan is repaid before the insured's death, the death benefit will be reduced by the loan amount.
- **Converting a life insurance policy into a long-term care benefit plan.** This is also known as life insurance conversion or life care funding. Instead of a lump sum, the policyholder receives a set amount of long-term care services. This option may also help seniors utilize the value of their life insurance policies without jeopardizing their eligibility for Medicaid.

Public pay options

For seniors with limited income and assets, public pay options may be available to them. The most common public pay options that seniors use for long-term care are Medicaid and veterans benefits.

Medicare

Generally, all Americans who are 65 or older are eligible for Medicare. Like many health insurance programs, Medicare does not cover any long-term senior care. Medicare will only pay for medically necessary home health care services or a skilled nursing facility stay on a short-term basis. Beneficiaries must meet strict eligibility requirements, and care providers must be Medicare-approved.

Medicaid

Medicaid is the leading government assistance program for long-term care, providing coverage to seniors and disabled adults who can't afford the care they need.

Generally, if a senior meets their state's financial and clinical eligibility requirements, they're entitled to medically necessary home health care services or nursing home care under Medicaid.

Medicaid programs that cover in-home care and other types of senior living may be referred to as home and community based services (or HCBS) waivers. These waivers make it possible for seniors to receive Medicaid-covered care in their chosen place of residence without needing to move into a nursing home. For instance, a senior might live in an assisted living community and have part of their monthly fees covered by Medicaid.

You need to know:

Each state runs its own Medicaid program

All programs must comply with federal regulations, but eligibility requirements and benefits vary from state to state. For this reason, if your family member plans to apply for Medicaid, it's a good idea to contact their state Medicaid office for more details.

Some of the long-term care expenses that Medicaid covers in most states include the following:

- Assistance with personal care, such as bathing or dressing, at home, in an assisted living community, or in a nursing home facility
- Home health care services or nursing care from a licensed health care professional at home or in an assisted living facility, often after an injury or hospitalization
- Rehabilitation services can be offered at home, an assisted living facility, or a skilled nursing facility
- Respite care for a limited period of time
- Hospice care at home, in an assisted living community, or at a nursing home facility

Veterans benefits

The following programs administered by the U.S. Department of Veterans Affairs are especially helpful in covering care costs for senior veterans and their surviving spouses.

VA Pension, Aid and Attendance benefit, and Housebound allowance

The VA Pension provides a monetary benefit to eligible wartime veterans who meet certain functional and financial criteria. Pension benefits can be used however a veteran wishes, including to pay for long-term care services.

Basic requirements for the VA Pension include the following:

- **Discharge status.** The veteran must have had an honorable discharge.
- **Service requirements.** If the veteran started active duty before September 8, 1980, they must have had at least 90 days of active duty, with one of those days being during wartime. If the veteran started active duty after September 7, 1980, they must have served at least 24 months of active duty or the full time they were called to active duty, with at least one day during wartime.

- **Financial requirements.** In 2024, an applicant's net worth — their annual household income plus assets, such as property, investments, and land — must fall below \$155,356 to qualify. Congress adjusts this net worth limit each year. Note that certain assets are excluded from this calculation, such as a veteran's primary residence and car.
- **Age or disability.** The veteran must either be over 65 or have a permanent and total disability.²

If a VA Pension recipient is ill or disabled, they may qualify for additional monthly payments through one of the following programs:

The VA Aid and Attendance benefit

is paid to eligible veterans who need significant assistance to perform daily activities.

The Housebound allowance is paid to eligible veterans who are confined to their homes due to a disability.

To apply for the Aid and Attendance program, at least one of the following must be true in addition to the VA Pension requirements:

- The veteran needs one other person to help them perform activities of daily living.
- The veteran spends most of their time in bed due to illness.
- The veteran lives in a nursing home due to a mental or physical disability.
- The veteran's eyesight is extremely limited (they only have 5/200 or less in both eyes with glasses or a 5-degree concentric contraction of their vision field).³

To apply for the Housebound allowance, there is only one additional requirement on top of qualifying for the basic VA Pension:

- The veteran must have a permanent disability that causes them to spend most of their time in their home or place of residence.³

Veterans and surviving spouses can learn more about VA pension benefits and even file an application online at <https://www.va.gov/pension/>.

Other VA benefits for long-term care

VA disability compensation. This is a monthly tax-free payment for veterans who became sick or injured during their time in the military or who had an existing condition that was worsened by their military service. This benefit is not based on financial need.⁴

Survivors Pension. The Survivors Pension offers a tax-free pension to low-income surviving spouses or other dependents of veterans who were eligible for the VA Pension. Payments are typically based on financial need, the veteran's wartime service, and other factors. These monthly payments can be used however the recipient sees fit, including to pay for long-term care services.⁵ An eligible surviving spouse may also qualify for the increased VA Aid and Attendance benefit or the Housebound allowance if they meet the criteria listed on the previous page.

VA health care benefits. Through VA health care benefits, sick or disabled veterans may have some of their care services covered in an approved assisted living or care home community. If the senior would like to remain in their chosen home, they may also qualify for homemaker and home health care services through VA-approved agencies.⁶ Copays, other fees, and other coverage restrictions may apply.⁷

You need to know:

Applying for VA benefits can be time consuming

It's important to be thorough when completing an application, so it can be processed as quickly as possible. You may want to consider working with a veterans service organization, elder law attorney, or accredited VA consultant. These experts are very familiar with VA applications and claims and may be able to streamline the process.

Ask your APFM Senior Living Advisor for accredited VA consultants who can help families like yours navigate complex eligibility requirements and the often lengthy application process.

Planning ahead for long-term care

Most aging adults will need some level of support or care at some point in their lives. With Americans living so much longer these days and with the record number of aging baby boomers reaching retirement age, younger generations have to do more thinking about how they might care for aging parents with limited or no resources. The aging workforce is also straining Social Security and Medicare benefits, according to the Congressional Budget Office, leaving more of the financial burden on individual families. So planning for your family and being cognizant of elder care costs is crucial.

Yet, many families often struggle with talking about senior care with aging loved ones. Planning ahead will give you and your family time to think about options and discuss next steps.

Talk to elderly parents about senior care options

Set aside dedicated time, without distractions, to discuss your loved one's wishes, needs, and potential solutions in the event they need long-term senior care. Be prepared to have a series of conversations before your family agrees on a care plan.

Learn more: [How to Talk to Elderly Parents About Assisted Living](#)

Discuss finances with your loved one

For many people, money is a private topic. However, when it comes to paying for senior care, it's vital to understand your aging parents' financial resources. Even a rough idea of their income and assets will help you get a feel for what they can afford and whether they may need to explore public pay options.

Get tips: [How to Talk to Your Aging Parents About Finances](#)

Gather essential information and documents

As you discuss future plans for senior care with your parents, knowing how to quickly locate their important documents is an important step. Staying organized will help minimize stress in case your aging loved one becomes ill or needs to move to a long-term care facility unexpectedly.

Be prepared: [Essential Legal Documents for Aging Parents](#)

Determine what your loved one can afford

Long-term care can be costly. However, paying for senior living may seem less daunting when you compare it to the costs of living at home: rent or mortgage payments, taxes, insurance, and property upkeep. In many cases, senior living communities include the cost of utilities, meals, transportation, and entertainment in the monthly fee.

When assessing whether your loved one can afford senior living or home care, seek to understand their financial resources, current expenses, and how much family members may be able to pitch in.

Get expert advice

With so much to consider, many families feel overwhelmed when it's time to look for long-term care services. If you need help understanding senior care options for a loved one and how to pay for them, connect with one of our Senior Living Advisors. Our expert advisors are local, so they know the community options in your area, including services, amenities, costs, and availabilities. They can assist you in finding care that matches your loved one's care needs, lifestyle, and budget.



Connect with a dedicated advisor for free

We will answer your questions and help you compare options, schedule tours, and plan the logistics of a move.

Get started

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