



Finding the right care facility

Over the past two decades there has been an explosion of supportive housing alternatives and the options are no longer limited to an agonizing choice between staying at home or moving to a nursing home.

By the numbers

- The population of individuals over age 65 is expected to more than double between 2000 and 2030, from 34.8 million to **70.5 million**.¹
- About **1 in 10** people age 65 and older and almost half of those aged 85+ suffer from Alzheimer's disease.²
- The national average cost for an assisted living facility reached approximately \$2,500 a month, or more than **\$30,000 a year** in 2004, up 6% from 2003.³

1 experiencecorps.org fact sheet 2003

2 ElderCarelink, a free referral service for families seeking assisted living and other services in all 50 states eldercarelink.com.

3 maturemarketinstitute.com

The two main alternatives to nursing homes are assisted living facilities and continuing care retirement communities (CCRCs).

Assisted living facilities

Assisted living facilities are designed to be a middle ground between staying at home and going to a nursing home. Housing is often in small apartments, and a premium is placed on privacy, individualized care, and independent living. Even with the emphasis on independence, most facilities provide 24-hour care to help residents with the activities of daily living. Around-the-clock medical assistance also may be available.

Most states are in the process of adding or increasing the regulation and oversight of this growing industry. The Web site CareScout.com (see the "Resources" section at the end of this fact sheet) provides details on state regulatory policies.

What will it cost?

Residents agree to pay a monthly rent, which can range from under \$1,000 up to \$6,000 per month, depending on services offered and geographic location.

According to a recent survey by the insurance company MetLife, the average cost of an assisted living facility in the United States is \$2,159 per month, or \$25,908 per year.

If you're investigating assisted living facilities, be sure to obtain a thorough explanation of each facility's cost structure. It's not unusual for a facility to have an affordable charge for room and board, but that fee may cover only a few hours per week of actual assistance. If your family member needs additional assistance, there are likely to be additional charges. Be sure to ask how the assistance is delivered — by facility staff or contracted help — and find out how much it will cost.

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Key points

- Assisted living facilities are designed to be a middle ground between staying at home and going to a nursing home.
- The cost of an assisted living facility reflects the level of care residents need; costs are highest for residents with dementia who need help with daily activities and have a complex schedule of medication.
- When touring a facility, ask thorough questions to understand all fees and the level of care delivered.

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Some costs may be reimbursed by a long-term care insurance policy. Because assisted living facilities are usually less expensive than nursing homes, many state Medicaid programs now provide some type of funding for elderly residents in assisted living who qualify for Medicaid.

Continuing care retirement communities (CCRCs)

CCRCs combine a variety of residential options under one roof — from independent housing to assisted living to 24-hour nursing services. Residents generally pay an entry fee and an adjustable monthly rent in return for the guarantee of care for the rest of their lives. Assisted living and even nursing homes make no such guarantees and, in fact, may ask a resident to leave if they believe they cannot provide adequate care.

Older people are usually healthy when they enter CCRCs. If and when it becomes necessary, they can move into living arrangements that provide the assistance they need. Nursing care is located either within the CCRC or at a related facility nearby. In addition to health care services, CCRCs also typically provide:

- meals
- housekeeping
- maintenance
- transportation
- social activities
- security services

Some CCRCs provide units that are designed for people with special care needs, such as those someone with Alzheimer's or dementia would require.

Is there an entry fee?

CCRCs generally charge an entry fee, which can range from \$20,000 to more than \$500,000. Additional monthly charges range from \$200 to \$3,500 or more. Often, seniors use the proceeds from the sale of their homes to make the initial investment in the retirement community. Bear in mind, however, that the Internal Revenue Service does not allow home sellers to escape any capital gains taxes that might be due by rolling those capital gains into the purchase of a CCRC unit.

Usually, 80% or 90% of the entry fee is returned if the resident moves out of the facility or upon his or her death. Some communities have also begun to make their services available on a purely rental basis.

Choosing a CCRC

Choosing a CCRC is a once-in-a-lifetime decision. Consult with an attorney and an investment professional before signing a contract. Also, ask if you can rent a unit for a few days or a few weeks before committing to it to make sure this decision is right for you.

Here are some questions to ask when investigating communities:

- What is the policy on refunds of the entry fee?
- What does the monthly fee cover?

- Does the monthly fee change when the resident's living arrangements or care needs change?
- Is any of the fee tax deductible as a medical expense?
- What if spouses require different levels of care?
- Is nursing home care guaranteed?
- Who pays for health care? Is the community approved for Medicare/Medicaid reimbursement?
- Who decides when a resident needs more care?
- What is the policy on visitors and overnight stays?
- What are the staffing levels?
- What are the grounds for eviction?

Choosing an assisted living facility or nursing home

CCRCs are not for everyone because of their cost, their limited availability, and the fact that most people prefer to stay in their homes as long as possible. When people can no longer live independently, they are generally not good candidates for CCRCs. In such situations, finding a long-term care facility for a loved one can be a difficult job. Often the search takes place under the gun — when a hospital or rehabilitation center is threatening discharge or it's no longer possible for the loved one to remain living at home. And, in most cases, the task is one you must take on without the experience and insight gained from having done it before.

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That said, there are a few rules of thumb that can help you.

Remember, “location, location, location”

No single factor is more important to a resident’s quality of life than visits by family members. Make it as easy as possible for family members and friends to visit. In addition, care is often better if the facility knows someone nearby cares and is paying attention.

Get references.

Ask the facility to provide the names of family members of residents so you can ask them about the care provided in the facility and the staff’s responsiveness when the resident or relatives raise concerns.

Check licenses and certifying agency reports.

Is a valid license posted? Is a state inspection report available for your review?

Investigate care plans (for nursing homes).

Talk to the facility administrator or nursing staff about how care plans are developed for residents and how the staff responds to concerns expressed by family members.

Tour the facility.

Try not to be impressed by a fancy lobby or depressed by an older, more rundown facility. What matters most is the quality of care and the interactions between staff and residents.

Ask if you can stay for a meal.

This will help you gauge the quality of the food service. Eating is both a necessity and a pleasure that continues even when we’re unable to enjoy much else.

Resources

American Association of Homes and Services for the Aging
www.aahsa.org
consumer and family caregiver information

CareScout
www.carescout.com
find facilities nationwide, including ratings and reviews

Consumer Consortium on Assisted Living
www.ccal.org
publishes a guide, *Choosing an Assisted Living Facility: Considerations for Making the Right Decision*

Elder Law Answers
www.elderlawanswers.com
locate qualified elder law attorneys nationwide

Matthews, Joseph L., *Choose the Right Long-Term Care: Home Care, Assisted Living & Nursing Homes*. (Nolo Press, 2002)

Rantz, Marilyn, et al., *The New Nursing Homes: A 20-Minute Way to Find Great Long-term Care*. (Fairview Press, 2001, 4th ed.)

Silin, Peter S., *Nursing Homes: The Family’s Journey: A Guide to Choosing a Facility, Making Decisions as a Family, and Getting the Best Possible Care*. (The Johns Hopkins University Press, 2001)

Hunt, Bernice, M.D., *Where Should I Live When I Retire? A Guide to Continuing Care Communities*. (SquareOne Publishers, 2005)

With so many care facility options, it’s important to investigate each choice thoroughly. Whether you are preparing for the care of a loved one or even yourself, getting a complete understanding of the level of care delivered at each facility can save you both time and money.

Contact your investment professional for more information or visit mfs.com.

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