

### Did you know...

In 2010, private pay residents age 65 and older in residential care facilities paid an average of \$3,454 per month, or \$41,453 a year?

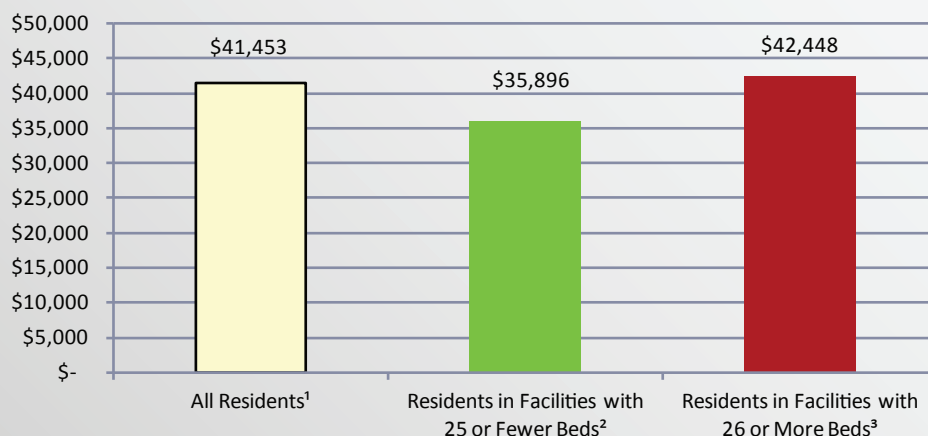
### About the data:

Data on residential care facilities in 2010 are based on the National Survey of Residential Care Facilities (NSRCF), published by the National Center for Health Statistics (NCHS). The NSRCF collects information on the most recent monthly charges paid by each resident. To be included in the NSRCF, facilities had to provide at least 24-hour supervision of residents, two meals a day and help with ADLs, and have four or more beds. The data are restricted to residents age 65 or over.

- “Residential care” is an umbrella term for facilities that provide apartment-style housing and support services such as activities of daily living (ADLs) for persons who cannot live independently but generally do not require the skilled level of care provided in nursing homes. Residential care facilities include assisted living facilities, board and care homes, and other settings.
- Most residential care facilities charge a base rate for a private or semi-private room. These usually cover the room and board, light housekeeping, medication reminders, and help with ADLs. However, facilities vary in terms of which services are included in the base rate. Additional services like transportation, incontinence supplies, laundry, and basic medications incur further charges.<sup>1</sup>
- Eighty-five percent of all residential care consumers age 65 and over are private pay residents, meaning that they or their families cover the costs and Medicaid does not pay for part of their stay.<sup>2</sup>
- In 2010, the average private pay resident paid \$3,454 a month, or \$41,453 a year. These figures include the base rate plus any additional services the resident used.<sup>2</sup>
- Residential care facilities vary by size from 4 to over 100 beds.
- Only 17% of residential care consumers live in small/medium size facilities (25 or fewer beds) and the smaller facilities tend to charge less than the larger facilities (26 beds or more).<sup>2,3</sup>
- Private pay base rates at assisted living facilities have grown at an average of 6.7% per year from 2005 to 2010, or 3.8% faster than inflation.<sup>3</sup>

### Private Pay Residential Care Costs Vary by Facility Size

Average Annual Charges Paid by Private Pay Residential Care Consumers Age 65 and Older, by Facility Size, 2010



Note: Charges include the base rate plus any additional services used, which can include transportation, housekeeping, supplies, and other services.

<sup>1</sup> N = 656,091 residents age 65 or over in 31,134 facilities.

<sup>2</sup> N = 111,161 residents age 65 or over in 20,386 facilities with 25 or fewer beds.

<sup>3</sup> N = 544,930 residents age 65 or over in 10,748 facilities with 26 or more beds.

### A Clear Policy Connection

Residential care facilities provide many services that can help seniors with functional limitations and chronic conditions remain in the community. Affordability of this type of housing with services is a critical issue. In 2009 the median income for an individual age 65 or older was \$19,167, far less than the total cost of many residential care facilities.<sup>4</sup> To gain access to residential care, many seniors would likely have to liquidate their assets or seek help from family to afford ongoing residential care. Additionally, if rates continue to grow faster than inflation, residential care could become even less affordable.

As many seniors are ill-prepared for long-term care expenses in retirement and may not be aware of the high costs of the long-term care services they might need, financial planning is critical. Policymakers should explore ways to increase awareness about the need for such planning, and expand access to affordable housing with services so that seniors, particularly those with lower incomes, can age with support in their preferred settings.

Analytics powered by Avalere Health LLC

<sup>1</sup> Hawes, C. M. Rose and C. Phillips. “A National Survey of Assisted Living for the Frail Elderly: Results of a National Survey of Facilities.” Office of the Assistant Secretary for Planning and Evaluation, 1999.

<sup>2</sup> Avalere Health, LLC. Analysis of the 2010 National Survey of Residential Care Facilities. As defined by the survey, small facilities have 4-10 beds, medium facilities have 11-25 beds, large facilities have 26-100 beds and extra-large facilities have 101 or more beds.

<sup>3</sup> Prudential. “Long-Term Care Cost Study: Including Consumer Perceptions and Cost Trends by State and Key Metropolitan Areas.” 2010. <http://www.prudential.com/media/managed/LTCCostStudy.pdf>

<sup>4</sup> Administration on Aging. “A Profile of Older Americans: 2010.” [http://www.aoa.gov/aoaroot/aging\\_statistics/Profile/2010/docs/2010profile.pdf](http://www.aoa.gov/aoaroot/aging_statistics/Profile/2010/docs/2010profile.pdf)