

Who Pays for Long-Term Care in California? (Updated)

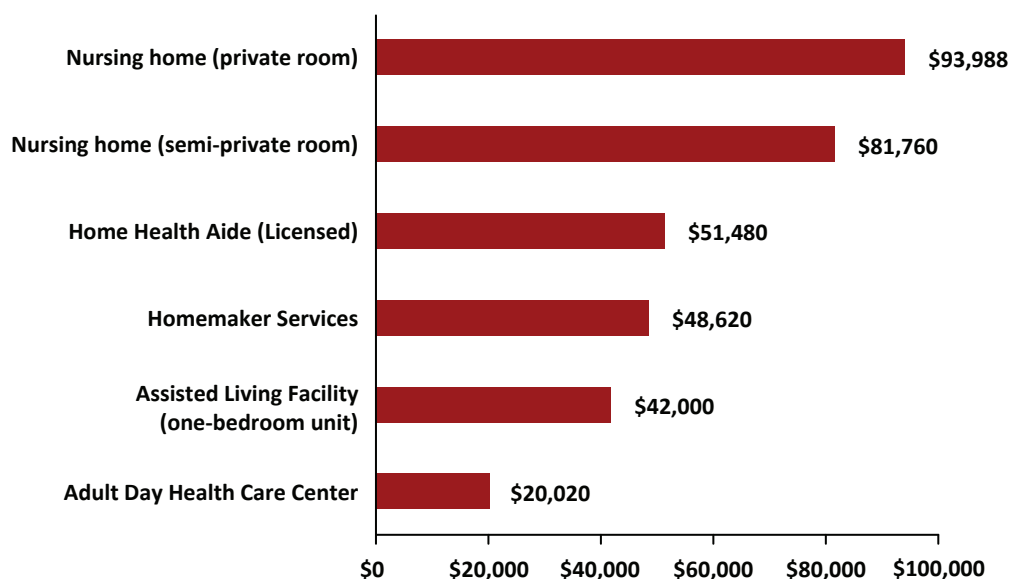
Many older adults and people with disabilities of all ages require supportive services, known as long-term care. As the population ages, demand for long-term care is increasing, along with the spending on these services. Long-term care services are financed primarily by public dollars, with the largest share paid by Medi-Cal (California's Medicaid program), the joint federal and state funded medical assistance program for low-income individuals. Long-term care services are also financed privately through out-of-pocket payments and long-term care insurance.

This fact sheet describes how long-term care is financed in California.

Long-Term Care Costs

- The median annual costs for selected long-term care services in California in 2012 varied, with **nursing homes**—institutions that provide medical and supportive services to people with significant functional and/or cognitive impairment—being the most expensive (See Figure 1).¹

FIGURE 1 Median Annual Costs for Selected Long-Term Care Services in California, 2012



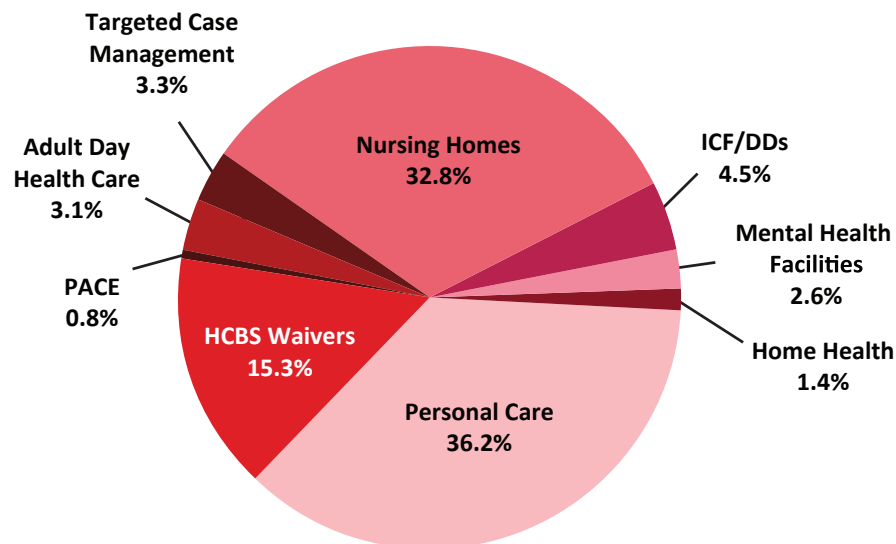
Source: Genworth Financial. Genworth 2012 Cost of Care Survey: Home Care Providers, Adult Day Health Care Facilities, Assisted Living Facilities and Nursing Homes. 2012.

Note: Annual costs for home health aide/homemaker services are based on 44 hours of care per week, multiplied by 52 weeks. Annual costs for adult day health care are based on a daily 6-8 hour rate for 5 days a week, multiplied by 52 weeks.

Public Financing

- Medi-Cal long-term care expenditures for FY 2010 totaled about **\$11.8 billion**. This represents approximately 31% of total Medi-Cal spending.
- California spends approximately **57%** of its Medi-Cal long-term care funding on home- and community-based services (HCBS), such as personal assistance with eating, bathing or dressing provided in one's home. **Forty-three percent** is directed toward institutional long-term care, which includes nursing homes, intermediate care facilities for people with developmental disabilities who do not need continuous nursing care, but require supervision and personal assistance, and mental health facility services.²
- In early 2012, the Adult Day Health Care (ADHC) program was replaced by the Community-Based Adult Services (CBAS) program. CBAS serves adults age 18 and older with functional impairments that place them at risk of institutionalization. In FY 2010-11, the annual cost of the ADHC program in California was **\$388.9 million**.³
- The Program of All-inclusive Care for the Elderly (PACE) provides integrated care to frail elderly from an interdisciplinary team of health care and other professionals.⁴ Medi-Cal expenditures for the PACE program in FY 2010 totaled about **\$102.5 million**.²
- The Multipurpose Senior Services Program (MSSP) is a Medicaid waiver program that provides comprehensive case management and services in home for seniors at risk of nursing facility placement.³ Annual expenditures for MSSP in FY 2010-11 were about **\$45.5 million**.³

FIGURE 2 Medi-Cal Long-Term Care Spending by Services, FY 2010



Source: Eiken S, Sredl K, Burwell B, Gold L. Medicaid Expenditures for Long-Term Services and Supports: 2011 Update. 2011; State of California, Department of Aging, Long-Term Care and Aging Services Division. Statistical Fact Sheets and Program Narratives. Sacramento, California, March 2012.

Out-of-Pocket Spending

- Californians, overall, are unprepared for the costs of long-term care. Of California voters age 40 and older, **66%** say they could not afford more than three months of nursing home care, and **42%** could not afford one month of care.⁵
- **Fifty-seven percent** of these individuals could not afford more than three months of in-home care, with one in three unable to afford one month of care.⁵
- Median annual private pay costs for nursing home services in California average **224%** of an older person's annual income, compared to 241% nationally.⁶
- Median annual private pay costs for home health services in California average **82%** of an older person's annual income, compared to 88 percent, nationally.⁶

Other Private Financing

- As of December 2010, there were **774,454** long-term care insurance policies in force in California.⁷
- Private long-term care insurance is one way that individuals can finance their long-term care needs. In 2009, the number of private long-term care insurance policies in effect was **43 per 1,000 Californians** age 40 and older.⁶
- Of these policies in force in California, **399,078** or **51.5%** were group policies. Another **375,376** or **48.5%** were individual policies.⁷

Other Private Financing

- Most long-term care is provided, unpaid, by family members and friends. The estimated economic value of unpaid caregiving in California in 2009 was **\$47 billion**.⁸

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