Long Term Services and Supports:

Who needs it? What does it cost? And why does it matter?

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December 1, 2023
Most people will need LTSS in their lifetime

- Johnson and Dey (2022) estimate that 56% of people turning 65 in 2021-25 will need LTSS, for an average of 5.4 years.
- Most LTSS is provided by family caregivers, but nearly half (45%) will need formal (paid) LTSS, for an average of about 1.8 years, and about a third (35%) will pay out of pocket for LTSS.
- Paid services may be expensive.
  - The average lifetime cost is estimated at $245,000 for those needing any paid services. Public sources (Medicaid and Medicare) account for 57% of the total, and private pay 43%.
  - For those with any private pay costs, the average lifetime expenditure is about $128,000.
  - 8 percent will have private pay cost of $200,000 or more.
Who pays for formal LTSS

- In 2021, total spending on post-acute care and LTSS was $467 billion (CRS, 2023)
- AARP estimates the value of economic value of family caregiving in 2021 to be $600 billion.
- Medicaid is the single largest payer
- But most people **don’t** have Medicaid (and those that may not get the care they want or need)
- Most people **do** have Medicare, but there is only a limited benefit, not for long durations
- Private pay is not affordable for people with average incomes (few have private LTC insurance)
### Annual LTSS Private Pay Costs, 2021

<table>
<thead>
<tr>
<th>Type of Service</th>
<th>NC</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nursing home private room</td>
<td>$98,550</td>
<td>$108,405</td>
</tr>
<tr>
<td>Nursing home “semi-private” room</td>
<td>$89,790</td>
<td>$94,900</td>
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<tr>
<td>Assisted living</td>
<td>$48,120</td>
<td>$54,000</td>
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<tr>
<td>Adult day services</td>
<td>$14,365</td>
<td>$20,280</td>
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<tr>
<td>Home health services</td>
<td>$52,624</td>
<td>$61,776</td>
</tr>
<tr>
<td>Homemaker services</td>
<td>$52,624</td>
<td>$59,488</td>
</tr>
</tbody>
</table>

Source: Genworth Cost of Care Survey
LTSS Costs are Rising

Private Pay Costs in NC and US, as a Percent of 2010 Costs

- NC Nursing Home
- NC Home Health
- US Nursing Home
- US Home Health
The bottom line

- Most people can’t easily afford LTSS (or can’t at all) and still don’t qualify for Medicaid.
- Paying out of pocket for LTSS can have significant financial consequences for people who need services, their spouses/partners, and their children.
  - Lost money
  - Lost opportunity
- States are a natural unit of action. Much of our LTSS system is designed, regulated, and funded at the state level.