

# ELDER HEALTH CARE

**What Will It Look Like Tomorrow?  
and  
How Much Will It Cost?**



**HOOK**  
LAW CENTER

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# SHORT HISTORY OF ELDER CARE

- **500,000 years BC:** First evidence of senior care (bones of elderly, disabled early human discovered in 2013).
- **3100 BC – 332 BC:** Egyptian Pharaohs buried with walking sticks (canes).
- **700 BC:** Ancient Etruscans created dentures out of human and animal teeth.
- **104 :** Roman Egyptian census records show many multi-generational households.
- **1025 :** The Arabic text *Canon of Medicine*, one of first texts to describe caring for elderly.
- **1632 :** Historical Austrian census records show 8.7% of women were widows and 4% of men were widowers.
- **1823 :** One of the first homes for the aged opens in the U.S. (Philadelphia)
- **1880's :** Germany is first nation to institute Old Age Pension.
- **1893 :** Visiting Nurse Society formed to provide charitable in-home care to indigent seniors.
- **1901 :** 10% of elderly English men and 6% of elderly English women confined to workhouses (or “poorhouses”).
- **1906 :** Alzheimer’s disease is first described by German psychiatrist Alois Alzheimer’s.
- **1933 :** First lightweight, collapsible wheelchair invented.
- **1935 :** Social Security passes as part of FDR’s New Deal.
- **1946 :** Great Britain enacts free health care for elderly citizens through National Health Service.
- **1965 :** Medicare and Medicaid instituted, prompting the rise of nursing homes.
- **1974 :** First hospice in U.S. opens.
- **1981 :** First recognized assisted living facility opens in U.S.
- **1987 :** National Academy of Elder Law Attorneys established.
- **1988 :** Community Spouse protection rules added to Medicaid.
- **1995 :** ABA approves Certification of Elder Law Attorneys.
- **1996 :** HIPAA standardizes LTC insurance rules.
- **2006 :** Medicare Part D provides prescription drug coverage for Medicare beneficiaries.
- **2010 :** Baby Boom becoming “Silver Tsunami”: 40 million Americans are 65+.
- **2012 :** 5.4 million Americans are living with Alzheimer’s disease.
- **2013 :** New law in China says adult-children must visit their elderly parents.

# TODAY

- Today, the elderly population is increasing rapidly.
- Every day, 8,000 Americans from the Baby Boom join the 40 million Americans who are already 65+.
- This boom in the aging population, along with the need for alternatives to the classic institutional nursing homes, prompted many types of senior care to flourish across the U.S. and the rest of the developed world.
- To provide intermediate care for those who don't need a nursing home but cannot live independently, assisted living facilities(ALF) have sprouted up all over the U.S.
- Other types of senior care and senior housing have appeared and flourished, including in-home care, memory care, continuing care retirement communities (CCRCs), and respite care.



# TODAY (CONT'D)

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- Natho vs. Texas, 2014 Tex. App. LEXIS 1427 (2/6/2014) – Violation of Fiduciary Duties by POA in Medicaid Planning
- In Re: Skinner, 2014 WL 5033258 (10/8/2014) – Filial Responsibility for ALF expenses
  - Virginia Has a Filial Responsibility Law – Virginia Code § 20-88



# AVERAGE ELDER CARE COSTS IN VIRGINIA - DAILY COSTS

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- **Home Health Aid:** \$119; 5-year annual growth rate 2%
- **Adult Day Care:** \$61; 5-year annual growth rate 1%
- **Assisted Living Facility:** \$131 for private one bedroom; 5-year annual growth rate 5%
- **Memory Care Unit at an ALF:** \$161 for private one bedroom; 5-year annual growth rate 5%.
- **Nursing Home:** \$211 for semi-private room; 5-year annual growth rate 4%
- **Continuing Care Retirement Communities (Life Care Contract):** Entrance fees can range from \$100,000 to \$1 million. Monthly charges can range from \$3,000 to \$5,000, but may increase as needs change.



# HOW DO YOU PAY FOR SENIOR CARE?

- **Monthly Income, Social Security Benefits and Savings** — Each senior has a different amount of monthly allowances to help pay for senior care costs, but typically, additional resources are needed.
- **Long-Term Care Insurance** — Long-term care insurance helps fill in the gaps for costs not covered by Medicare, Medicaid or private medical insurance.
- **Veteran's Benefits** — Veteran's benefits are available to those who have served their country and their spouses. However, there are specific service requirements. Learn whether your loved one might qualify for Veteran's benefits.
- **Home Equity or Reverse Mortgages** — Whether your family decides to sell their home to pay for care, or borrow money based on the equity in your home, the family home is an option for senior care funding. Read more about the benefits and downsides of reverse mortgages.
- **Life Insurance** — The sale of an in-force life insurance policy can help pay for senior care. Some life insurance policies provide accelerated death benefits to pay for care to address chronic illness.
- **Medicare** — This federal program pays for the hospital and medical needs for those age 65 years of age and older.
- **Family Resources** — When tapped for resources, often the family needs to step-in to help finance senior care for their loved ones. Virginia has a [filial responsibility law](#) which can require this assistance from children.



# COMMON RETIREMENT MISTAKES

- **Forgetting Inflation** - Inflation means that your money is gradually worth less over time. In other words, prices rise. Over the last 20 years, average annual inflation has been approximately 2.55%. The safest investments like a savings account or government bonds will often deliver returns at a rate lower than inflation. *Modest* risk may be necessary to make sure your savings aren't depleted by inflation.
- **Failing to Plan for Incapacity**– Its common for seniors to fail to plan for the management of their financial and personal affairs if they become incapacitated. The most important decision is who will be designated as the agent or trustee and then to execute appropriate powers of attorney, advance medical directives, HIPAA waivers, POLST and trusts.
- **Not Planning for Long-Term Care Costs** - Most of us are probably hoping to spend our final years at home and in good health; finally passing away peacefully in our sleep. But, like all phases of life, our autumn years seldom go exactly as hoped or planned. Whether we find the thought pleasant or not, most of us will eventually incur significant long-term care costs as we age according to a recent study.
- **Succumbing to Scams** - Fraudsters scam more than 1 million American seniors each year, costing them approximately \$2.6 billion annually. Seniors should stay informed about tactics and strategies used by swindlers , and beware of offers that sound too good to be true.



# COMMON RETIREMENT MISTAKES (CONT'D)

- **Misunderstanding Medicare** - Many retirees believe that Medicare covers long-term care, but it doesn't. This false assumption can have truly dire consequences. Seniors who have counted on Medicare to pay for assisted living care are vulnerable to being financially *and* emotionally devastated when care needs arise. Medicare enrollees should understand that Medicare will not help, whatsoever, if long-term care is required at a nursing home, assisted living community, or at home. The government program that can pay for long-term care in some circumstances is Medicaid rather than Medicare. However, Medicaid is only available to seniors who have already spent nearly all their assets on care, and is generally considered a last resort option.
- **Over-Reliance on Social Security** - Social Security, instituted as part of FDR's New Deal in 1935, is crucial to keeping many seniors out of poverty. But, do not expect your benefit to provide for a leisurely retirement, let alone to cover long-term care costs.
- **Having an Outdated Estate Plan** - It's common for seniors to draft a will and then forget about it. This mistake often means that seniors' estates go to the wrong people, or that their families incur extra legal fees. Revisit your will and other estate planning measures each year. This reassessment is especially important if any of beneficiaries have passed away, become divorced or had children. Similarly, if the estate's executor passes away, revisions to the will are in order.



# TIPS TO HELP YOU AVOID PAYING TOO MUCH FOR SENIOR LIVING

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- Get help from a knowledgeable professional.
- Understand the cost of different levels of care and housing options. This is done by the nurse of each community you're looking at, because they will put together a specific price plan for the level of care you need.
- Understand what is included in the monthly price of a facility. Also, ask about the cost of different sizes of apartments, if they are available.
- Find out whether there are additional fees and what they are.
- Ask about pricing incentives, move-in specials, and other financial enticements.
- Plan ahead and do your research on specific facilities.



# PREDICTIONS FOR THE FUTURE OF ELDER CARE

- **The Decline of the Nursing Home Model of Care** – Factors, such as the high cost of skilled nursing and recent cuts to Medicare and Medicaid programs, will only accelerate the shift.
- **Enhanced Means Testing for Government Benefits** – With budget deficits, expect additional means testing for Medicare, Medicaid, and V.A. benefits.
- **Significant Expansion in Memory Care** - There are 5.4 million Americans living with Alzheimer’s disease, including one in eight older Americans—and that statistic is expected to more than double in the next 40 years. Alzheimer’s is also the 6<sup>th</sup> leading cause of death in the U.S. and the only cause of death among the top 10 in the U.S. that cannot be prevented, cured or even slowed, according to the Alzheimer’s Association. There is literally not nearly enough supply for the memory care demand.
- **The Rise of Technology-Enhanced Senior Care** - Personal care robots are just one attention-grabbing example of the types of up-and-coming technology that are going to revolutionize senior care as we know it.
- **More Multigenerational Housing Options** - A family will pool their resources and either modify their existing home to suit multiple generations, or move into a place that’s built to house both young families and older adults.



# PREDICTIONS FOR THE FUTURE OF ELDER CARE

(CONT'D)

- **Senior-Friendly Civic Planning** - Many active retirees want to continue working and living close to a city center or commercial district just makes good sense in those cases. On the other hand, there are limited-mobility seniors who still want access to the amenities of a thriving downtown. These are both good reasons why community planners want to be senior-friendly in the future.
- **Cooperative Living: Senior Co-Housing** - Senior co-housing is another way active older adults can gain the benefits of community living, but on a smaller scale, without the nursing home feel. Co-housing is more like living on a commune, where residents have independent homes but also benefit from shared spaces like gardens and recreation facilities. There are generally some shared meals and housekeeping duties, paid for through monthly dues, and residents have a say in community decisions. This trend has been growing over the past decade.
- **More Amenities and Lifestyle Perks in Traditional Senior Housing** - With inevitable rising costs for senior living options like assisted living and continuing care retirement communities, these more traditional forms of housing have begun offering a wide range of amenities to tempt potential residents, from lifestyle-based communities that cater to LGBT seniors or Asian-Americans to an increased array of recreational options like cultural events, fitness classes, and educational opportunities.
- **Aging-in-Place Means a Booming Home Health Care Industry** - Most seniors want to remain at home for as long as possible, as evidenced by some of the trends discussed above. But, it's not just improvements in technology and civic planning that are going to facilitate aging-in-place. The burgeoning home health care industry is also a necessary adjunct to seniors remaining in the home.

# SOURCES

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- Alzheimer's Association Website:  
<http://www.alz.org/>
- A Place for Mom Website :  
<http://www.aplaceformom.com/>
- Genworth Long-Term Care Insurance Website:  
<https://www.genworth.com/>
- National Academy of Elder Law Attorneys Website:  
<http://www.naela.org/>





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