



Who Will Care for You?

With more of us living longer than ever before, understanding the facts about elder care and assisted living will help you and your family be prepared and protected. Here, how to look beyond the fancy lobbies and marketing hype to find a residence that will keep you or a loved one safe and happy, at a price you can afford.

by **Penelope Wang**



In

2010, Wallace Kirkpatrick, 89, was living alone in San Antonio after his wife died. A friend suggested that “Kirk,” as everyone called him, get an apartment in the assisted living facility where he also lived.

Kirk soon settled into Esplanade Gardens. “He had a buddy there, and he got along with the director, so he fit in very quickly,” says his daughter, Tara, who lives nearby. Kirk was especially pleased by the dining service, which made grilled bacon-and-cheese sandwiches, one of his favorites, on request.

For six years Kirkpatrick was happy. But by spring 2016, when he was 95, he began to show small signs of cognitive impairment. “Once he forgot where he was going, and another time he tried to unlock the apartment next door to his by mistake,” Tara says. A newly arrived facility director insisted that the incidents meant Kirkpatrick needed more supervision than the residence could provide. That meant his family would have to move him to a facility with a memory care unit or hire additional caregivers.

The family was reluctant to consider changing residences. “It was too early to move him,” says Tara, 61, a speech-and-language pathologist. “My dad was still very functional and would have been surrounded by people far more impaired.” The family met with the director and agreed to hire private caregivers to keep a closer eye on Kirkpatrick.

He had veterans disability benefits that covered the additional costs, which came on top of the \$4,000 per month for room, board, and an aide, who checked in several times a day and helped him shower and dress. With the additional aides, Kirkpatrick was permitted to remain in his apartment until he died in March 2017. “We couldn’t get it into our heads how we were paying for assisted living, when there was not much assistance,” Tara says.

Jack Collins, executive vice president of SilverCrest Properties, the parent company of Esplanade Gardens, declined to comment on the Kirkpatrick family’s experience.

The Caregiving Gap

For older Americans, assisted living offers a compelling promise. Your aging parent can live in an apartment with hotel-like services and receive help with medication, bathing, and other tasks of daily living.

By contrast, a nursing home provides 24/7 care for seniors needing medical support. Other kinds of senior-living communities are designed for people who are more active and high-functioning. But these differences are very loosely defined, which can make comparing facilities difficult. And whereas more hospital-like nursing homes are regulated at the state and federal level, oversight of assisted living facilities is uneven at best. A good one can be an excellent choice for someone who can no longer live on his or her own. A bad one could put your loved one at risk.

Assisted living is also a growth industry. As of 2014, about 835,200 older Americans resided in these facilities, up from 733,300 in 2010, according to the Centers for Disease Control and Prevention. But all too often, as the Kirkpatrick family discovered, assisted living communities lack the resources or expertise to meet the needs of a population that requires increasingly intensive medical care.

Seniors in assisted living tend to be older and sicker than previous generations. In 2016 the average move-in age was 84, with a large number of seniors arriving after a medical emergency, according to A Place for Mom, a national senior housing referral agency based in Seattle. Studies show that more than half of residents have some form of cognitive impairment, according to Paula Carder, an associate professor at the Institute on Aging at Portland State University in Oregon. “Many assisted living facilities are taking residents who have no business being there,” says Amy O’Rourke, president of the board of directors of the Aging Life Care Association, an organization of aging-life-care experts, also known as geriatric-care managers.

Not surprisingly, consumer complaints about assisted living are on the rise, according to long-term-care ombudsmen, trained advocates who operate in all 50 states. Some 55,000 complaints were filed in 2015, compared

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A Guide to Different Community Types

All assisted living facilities offer communal living, but their physical settings vary widely. Here are the main types.

Apartment-Like Living Many residential care communities are in large complexes where residents rent an apartment with a small kitchen and private bath. They also offer communal dining and shared activity rooms, such as libraries and

fitness facilities. About 68 percent of residents live in facilities with 50 or more people, according to the Centers for Disease Control and Prevention. The biggest places typically are part of for-profit chains, including the three largest, Atria, Brookdale, and Sunrise.

Small Group Homes Sometimes called board and care, these assisted living residences offer a more intimate, home-like feel, housing just four to 25 people. These smaller places are often located in residential neighborhoods, where seniors can rent single



Safe and Sound?
The top complaints about assisted living include understaffing, slow response to calls, and threatened eviction.

rooms, share common spaces, and dine together.

Continuing-Care Communities

Though most assisted living facilities are standalone, some are connected to nursing homes or are part

of continuing-care communities that offer multiple levels of care, from independent living to nursing-home care. Residents can move from one level to another, which may mean a move to a different section if his or her healthcare needs change.

Specialized Care

Some assisted living facilities offer specialized services for particular medical conditions, such as Parkinson's disease, depression, and diabetes. But as the U.S. population ages, the biggest trend has

been the number of assisted living facilities offering dementia care, says Sheryl Zimmerman, director of aging research at the University of North Carolina at Chapel Hill. Today about 60 percent of residential care communities provide a

dementia care program. And almost one-quarter of assisted living communities maintain a dedicated floor or wing for memory care, or they are standalone facilities that serve only people who have more severe forms of dementia, according to the CDC.

with 50,126 in 2012, almost a 10 percent increase. In a recent survey of ombudsmen for Consumer Reports, the National Consumer Voice for Quality Long-Term Care, an advocacy organization, found that the most frequent complaints included understaffing, delays in response to calls for assistance, and threatened eviction. About 80 percent said their state government doesn't provide sufficient regulatory oversight for assisted living facilities.

That's not something you're likely to hear from assisted living providers. "The marketing and sales people are trying to fill apartments," O'Rourke says. "They'll tell you they'll take care of you for the rest of your life." They're said likely to tout their high-end amenities, such as wine cellars, libraries, and calendars crowded with cultural events.

The industry's own surveys show high rates of satisfaction with assisted living, says Rachel Reeves, a spokeswoman for the National Center for Assisted Living, an organization that represents the country's assisted living and other long-term-care communities. She says the NCAL "discourages undisclosed or exaggerated information" because doing so "diminishes trust and damages the

relationship between the assisted living community and the customer."

Attractive amenities can contribute to a hefty price, mainly paid out of pocket. In 2016 the median cost for a one-bedroom was \$3,628 per month, or \$43,539 annually, according to a 2016 survey by Genworth, a long-term-care insurance provider. In some regions, costs can exceed \$60,000 per year (see the facing page). Medicare generally does not cover long-term care. Most states provide for some Medicaid coverage of long-term care in assisted living, but the coverage varies widely by state, and to qualify, the resident must spend down his or her assets and meet other criteria. Not-for-profit continuing-care retirement communities typically provide funding for residents who start out in independent living, then move to assisted living and later run out of money. Otherwise, the resident would have to move out unless family members can tap other funding. Many nursing homes take Medicaid, but at press time, because of the ongoing healthcare debate in

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Why Making Friends and Fitting In Are Essential

The right assisted living facility will help your parent feel comfortable and stay engaged, which can improve health and happiness.

A PARTICULAR assisted living facility might look like a solid choice based on location, care services, and your family's finances. But what's also important is finding a good fit for yourself, or for Mom or Dad, a place where you or they can feel comfortable socially and make new friends.

"A person's physical and psychological well-being can be improved by staying active and engaged," says Carolyn McClanahan, a financial planner and doctor in Jacksonville, Fla. Here are tips for finding a good match:

Use Your Instincts

Look for activities and facilities—such as field trips, a book club, or a pool—that your parent(s) might enjoy with others who have similar interests. Consider the size of the residence, its appearance, and how you see staff members interacting with residents and each other. For a potential resident, "sometimes it is just kind of a gut instinct: Do I feel comfortable here?" says Stephen Maag, a director at LeadingAge, an association of not-for-profit senior-care groups.

Visit Strategically

To really get a feel for a place, talk to as many residents as possible and make multiple visits at different times. Arrange for Mom or Dad to observe or participate in

one or two activities that are appealing. Consider an overnight visit, if offered.

Ask About the Welcoming Strategy

The initial weeks after a move could be emotionally difficult. Your parent will be adjusting to a smaller space, as well as unfamiliar faces. "These places can be very cliquish," McClanahan says. Still, the better facilities help residents feel at home as soon as possible, says David Schless, president of the American Seniors Housing Association, an industry group. That might involve a plan to connect Mom with other retired teachers, or bring your Dad into the bridge group.

Help, but Don't Hover

Visit, but avoid weighing in on every small concern. "Let your parents do for themselves as much as they can do," says Jeff Pine, an aging-life-care expert, also known as a geriatric-care manager, in Santa Fe, N.M.

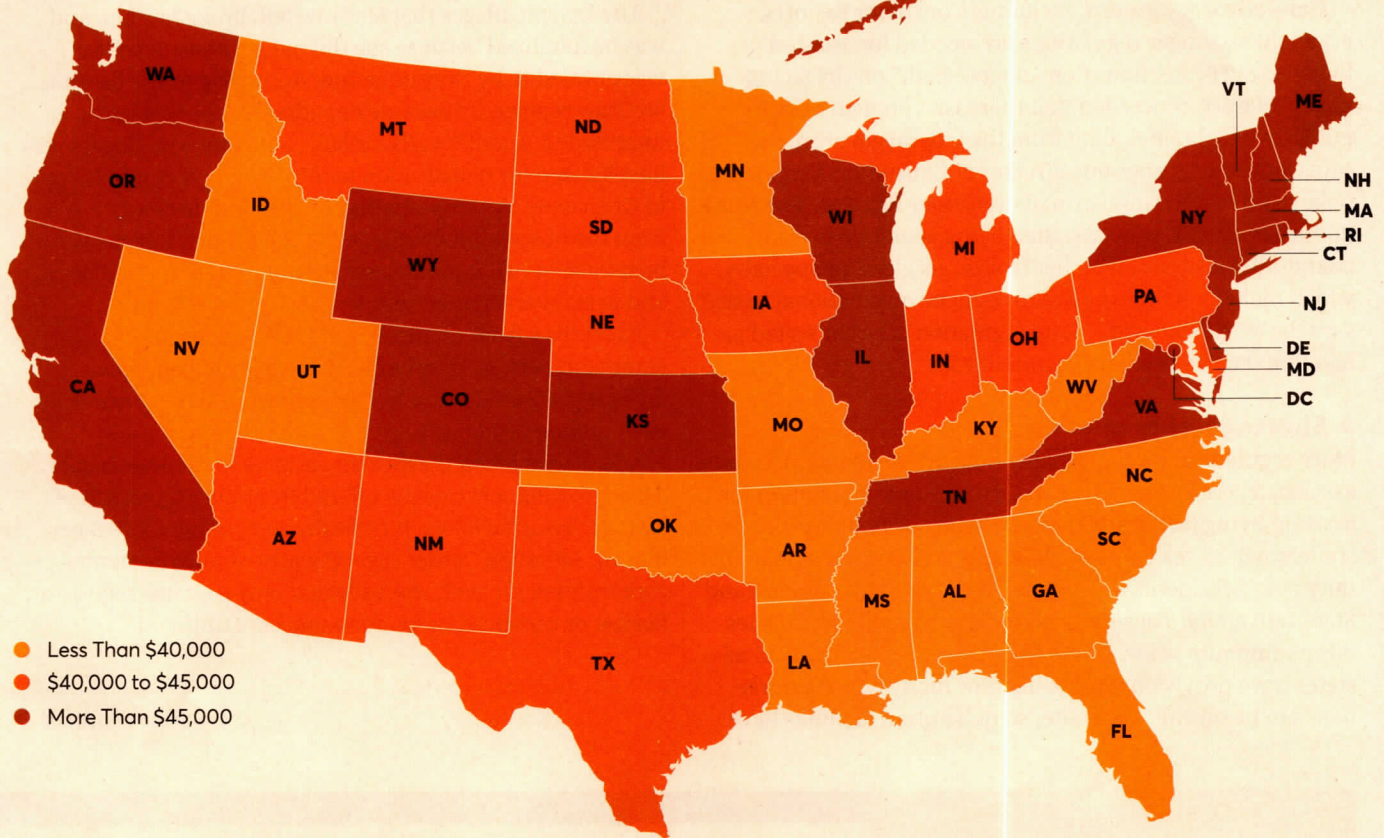
Touch Base With the Staff

Check in with a manager about how your parent is adjusting. Mom might be making friends and enjoying activities, despite complaints you may be hearing. You might also make specific requests, such as asking a staff member to remind your parent of an activity of particular interest.

—by Karen Damato

What Care Costs State by State

The 2016 annual median cost for a private one-bedroom apartment in assisted living varied by state, with the **NATIONAL MEDIAN AT \$43,539**.



- Less Than \$40,000
- \$40,000 to \$45,000
- More Than \$45,000

COST OF CARE BY STATE

● Alabama	\$34,800	● Illinois	\$46,770	● Montana	\$42,150	● Rhode Island	\$59,169
● Alaska	\$69,000	● Indiana	\$42,330	● Nebraska	\$42,120	● South Carolina	\$36,000
● Arizona	\$42,000	● Iowa	\$42,210	● Nevada	\$36,600	● South Dakota	\$40,440
● Arkansas	\$37,590	● Kansas	\$46,350	● New Hampshire	\$57,600	● Tennessee	\$45,360
● California	\$48,000	● Kentucky	\$39,600	● New Jersey	\$59,400	● Texas	\$42,180
● Colorado	\$48,750	● Louisiana	\$37,860	● New Mexico	\$43,200	● Utah	\$35,400
● Connecticut	\$59,400	● Maine	\$59,892	● New York	\$49,635	● Vermont	\$58,320
● Delaware	\$64,416	● Maryland	\$45,000	● North Carolina	\$36,000	● Virginia	\$47,400
● District of Columbia	\$80,400	● Massachusetts	\$65,550	● North Dakota	\$40,080	● Washington	\$54,000
● Florida	\$36,540	● Michigan	\$42,750	● Ohio	\$43,200	● West Virginia	\$39,150
● Georgia	\$34,200	● Minnesota	\$38,400	● Oklahoma	\$33,630	● Wisconsin	\$47,205
● Hawaii	\$49,500	● Mississippi	\$38,400	● Oregon	\$48,780	● Wyoming	\$47,940
● Idaho	\$38,400	● Missouri	\$30,438	● Pennsylvania	\$43,200		

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Congress, the program's future funding was uncertain.

Identifying the right assisted living facility for yourself or your parent is difficult, and loose regulatory oversight is a main reason. Under federal law, nursing homes must provide adequate nursing staff and meet other standards. But assisted living is not governed by federal rules. Each state makes its own rules, which are often minimal—some don't require that a facility hire a licensed nurse, for example.

Many advocacy groups, including Consumer Reports, argue that stronger regulations are needed for assisted living. (See "Protections Consumers Need," on the facing page.) "We are concerned that there isn't enough effective public oversight, including from the federal government," says Chuck Bell, programs director at Consumers Union, the policy and mobilization arm of Consumer Reports. The NCAL doesn't see it that way. "Assisted living is unique to each community it serves, whether in size, services, or specialty, which makes it inappropriate to regulate on a national basis," says the NCAL's Reeves. "State regulation is better suited to meeting the needs of local communities."

A Shortage of Staffers

More regulation would probably improve residents' access to assistance, consumer advocates say. It's not uncommon for assisted living facilities to have only one or two direct-care staffers per 20 residents at night and perhaps one or two on duty per 15 residents during the day, says Carder at Portland State University. These staffers tend to be paid low salaries, often minimum wage. Nurses are also scarce—a handful of states have provisions regarding how many hours a nurse needs to be on call, or on site, so quite often facilities have

no nurse present.

Staffing shortages recently sparked a lawsuit, filed on behalf of Louise McGraw and Charlotte Rogers, who have since died, although the case is still progressing. Both lived at Greystone Inn, a West Virginia facility owned by Chancellor Senior Management. The plaintiffs' attorneys, who are seeking class-action status for the lawsuit, allege that Chancellor bases its staffing on the parent company's labor budgets and profit goals, and not on an assessment of residents' individual care needs, as contractually promised.

The lawsuit alleges that McGraw fell, broke her hip, and was hospitalized because she did not get assistance she was entitled to by Greystone Inn. According to the lawsuit, McGraw repeatedly became dehydrated, she was left unattended, and her calls for help were ignored. Rogers was hospitalized for dehydration within four days of admission to Greystone, the lawsuit alleges. After her discharge from the hospital, she returned to the facility. But she was hospitalized two more times for dehydration, malnutrition, and urinary tract infection.

Executives from Chancellor did not return calls for comment. Reeves says the NCAL strongly encourages facilities to provide care by "assessing the staffing needs for each unique resident."

Adequate staffing is especially critical for dementia care, a fast-growing service now offered by about 60 percent of assisted living facilities. It typically costs about \$4,700 per month. Although Carder says 38 states require dementia care training for staff, she adds that only 16 states require a license or certification for dementia care units.

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Putting the Contract Under a Microscope

Getting the fine print right from the start is your family's best protection.

MOST ASSISTED LIVING residences will ask you to sign an admission agreement, which is a contract, before moving in. Don't rush to sign. You'll want to look at the contract carefully and ask an elder-law attorney to review it. "You want to be aware of all the terms, since you may not have much recourse once you sign," says Lori Smetanka, executive director of National Consumer Voice for Quality Long-Term Care, an

advocacy group.

The cost for a legal review will vary from a few hundred dollars to a couple thousand, depending in part on where you live and the particular facility, and whether a contract may be negotiated. "If the lawyer already knows the language in a facility's contract, it may take only an hour or so to go over the details," says Hyman Darling, president of the National Academy of Elder Law

Attorneys, a trade group.

Here are four key provisions to consider:

Cost of Service

Be sure you understand the fees listed in the contract and how they are assessed. Some facilities might charge a comprehensive fee for room, board, and care; others might have a tier of charges that kick in for higher levels of care. You are also likely to be charged a move-in fee, says Deborah Fins, an

Protections Consumers Need

Consumer Reports recommends these 6 steps to improve care in assisted living.

IT'S CLEAR THAT the assisted living industry needs to evolve to manage the increasing health needs of the population it aims to attract. In that vein, more federal and state regulatory oversight is urgently needed to protect residents and their families. CR believes policy makers should better protect consumers of assisted living facilities by doing the following:

Define Assisted Living and Levels of Care

The term "assisted living" can describe anything from a facility that merely offers room and board to one that provides full-time nursing care. As a result, confused consumers can end up

paying for services they don't need or, worse, not getting the care they do need. Policy makers should establish and clearly define level-of-care classifications, and facilities should be required to use the classifications to communicate the assisted living services they offer.

Set Staffing and Training Standards

Staff training and qualification requirements, and minimum per-resident staffing levels, should be set according to level-of-care classifications. Qualified, licensed medical staff should monitor the overall health of residents and administration of medications. Special

staffing requirements should be established for residents with high-level care requirements, including residents with dementia.

Establish Resident Rights

Policy makers should establish a comprehensive Bill of Rights to ensure some basic rights for residents, including the right to make everyday decisions; receive visitors at any time; refuse treatment; access and control their own money; question and object to facility practices and policies; make formal complaints to administrators and regulators; and bring lawsuits seeking court orders to stop illegal activities and violations and to compensate residents for rights, standards, or contractual violations (a right that should prevail even when residents have signed forced-arbitration clauses, which should be restricted).

Support Aging in Place

Policy makers should narrow the number of allowable

reasons for evicting residents. Reasonable accommodations should be made, when possible, to allow a resident to remain in a facility, and all services allowable under a resident's level-of-care designation should be made available. If a resident who initially paid privately goes on Medicaid and resides in a Medicaid-certified facility, that facility should be required to accept Medicaid reimbursement for that resident.

Enforce Regulations

Policy makers should establish rules requiring inspections tied to levels of care. Penalties for violations should be strengthened and applied on a per-violation and per-day basis.

Make Price and Quality Information Transparent

Policy makers should establish a system that enables consumers to compare costs, features, and services across facilities and types of facilities, including information related to facility inspections and disciplinary actions.

aging-life-care expert in Worcester, Mass. Most contracts are for one year, so fees are likely to increase at each renewal.

Responsible Party

If you're signing the contract on behalf of a family member who will pay the bills, don't let yourself become financially liable unintentionally. "Make sure you are identified as an agent, not the responsible party," says

Shirley Whitenack, an elder-law attorney in Florham Park, N.J. You should have power of attorney to act for your parent, and the term "attorney in fact" should appear after your signature.

Terms of Discharge

The contract should include the conditions that could lead to an eviction, called an involuntary discharge, as well as the required notice, typically 30 days.

Often this wording is left vague. It might say, "We can no longer meet your needs," for example. "If the language is not specific, the management can make decisions on an ad hoc basis," says Eric Carlson, directing attorney for Justice in Aging, an advocacy group. Ask for the terms of discharge to be limited to specific reasons, such as nonpayment and care needs that the facility is not licensed to provide.

Mandatory Arbitration

Many residences include an arbitration provision in their contracts, requiring disagreements to be settled by a third party and not in court. The arbitration clause is sometimes voluntary, but often it's required. Consumer Reports believes mandatory arbitration is not good for consumers and should be banned. If a forced-arbitration clause is in your contract, cross it out

before signing, or write in "refused," says Martin Kardon, a Philadelphia trial attorney specializing in elder care. There's little risk that your loved one won't be admitted if you try this. If the management insists that arbitration is mandatory, you can decide whether it's worthwhile to agree. You should also make sure you receive a complete copy of the signed contract, Kardon says. That way there will be no question about your rights.

11 Ways to Afford the Care You Need

For most people, savings and Social Security income aren't enough to pay for assisted living. Most cobble together those assets along with long-term-care insurance benefits, home-sale proceeds, and contributions from willing and able relatives. Here are other ways to strategize the financing and keep costs in line.

Tap Your Resources

Leverage a life insurance policy. If you, or your parent, have been paying premiums on a whole or universal life policy for a decade or longer—and are comfortable with leaving less to heirs—you could tap the policy's built-up cash value. If you borrow from the policy or withdraw your cost basis—what you paid in premiums—you'll owe no tax. If you cash in the policy entirely, you'll pay ordinary income tax on everything but the cost basis. “We usually recommend withdrawing up to your cost basis and then borrowing the

rest,” says Joseph Truiano, a Prudential financial services manager in Paramus, N.J. **Determine whether you're eligible for veterans benefits.** Veterans and veterans' survivors who are eligible for a Veterans Affairs pension, and who have documented physical or mental restrictions, may be eligible for an increase in monthly pension benefits, called an enhanced or special monthly pension. To qualify for pension benefits, the veteran must have served during a period of conflict, meet certain age or disability

requirements, and meet certain income and net worth limits. A surviving spouse must meet certain criteria as well. A veteran or survivor also may qualify for an enhanced or special monthly pension if he or she is eligible for pension benefits and needs assistance with daily activities or is housebound because of disability. Patrick Simasko, an elder-law attorney in Mount Clemens, Mich., says the VA's asset and net worth guidelines aren't carved in stone. “The asset test ultimately becomes a subjective decision made by the representative processing the application,” he says. Go to benefits.va.gov/pension or vets.gov/pension for information and application details.

Take out a home loan.

Homeowners who want or need to keep a home in the family can take out home equity loans or home equity lines of credit, says Theodore “Ted” Sarenski, a CPA personal finance specialist and CEO of Blue Ocean Strategic Capital. Shop for the lowest setup costs, including fees for loan processing, origination, and underwriting; appraisals; and document preparation. Some HELOCs require only interest payments during the period in which you take money out, which could be 10 years or longer. That arrangement might work well if the home will be sold within the decade. But HELOCs, based on floating interest rates, pose more risk than fixed-rate home-equity loans.

Set up a reverse mortgage.

Homeowners 62 and older who have exhausted all other options and are certain they can afford to stay in the home for the long haul might want to use this gambit when only one spouse is entering assisted living. A reverse mortgage lets you tap your home equity for cash. Depending on the loan type, you can get a lump sum or draw down the money as

needed. The older you are, the more you can borrow; the maximum is about 74 percent of the home's value. Reverse mortgages are freighted with significant costs: Borrowers typically pay several thousand dollars in closing costs and fees; a one-time government mortgage insurance premium can run from 0.5 percent to 2.5 percent of the loan amount. These loans don't have to be paid back until the homeowner moves out or dies, but borrowers still are on the hook for home insurance, property taxes, and home maintenance expenses. If you fall behind on these costs, you could lose your home to the lender, which is why you should explore this route with caution. Go to hud.gov and type “reverse mortgage” into the search box for more information.

Find the Wiggle Room

Choose an assisted living situation with a flexible pricing structure. The most expensive, all-inclusive pricing model combines all services—for instance, three meals a day, 24-hour on-call aides on your floor, transportation—rolled into one price. A less costly “levels of care” or “tiered pricing” model places the senior in a price tier that entitles her to a given number of hours of care. If she can manage without more care, that option might suffice. The potentially most affordable, fee-for-service model allows residents to pay only for services as needed. Most facilities offer at least one type of pricing structure, but if you are given a choice, make your selection with care. “Generally in the industry you can't make a change once you decide on one type of fee structure,” says Colleen Ryan Mallon, chief marketing officer at Kendal, a network of continuing-care communities in the East and Midwest.



The Bottom Line

You'll need to factor in the many costs other than rent.

Look for the open beds.

Where there's a decline in occupancy or regional competition for residents, you might be able to negotiate the first month's rent or even get it free. "If a facility has a lot of wheelchair-bound residents, it may be a sign they are loosening their rules to fill beds," says Amy O'Rourke, president of the board of directors of the Aging Life Care Association, representing aging-life-care experts, also known as geriatric-care managers. Be sure to check for adequate staffing levels.

Choose a not-for-profit. These residences aren't necessarily less expensive than for-profit assisted living residences. But they might cover residents who run out of funds. That protection can significantly reduce out-of-pocket expenses if your parent stays longer than the average two years. Not-for-profit continuing-care retirement communities are required to provide that guarantee to those who enter at the independent living

level but might not make the same promise at the assisted living level. But some are more generous: Masonic Villages retirement communities, in Dallas, Elizabethtown, Lafayette Hill, Sewickley, and Warminster, all in Pennsylvania, guarantee continued care and services to residents who run out of funds, regardless of their level of care when they enter. Masonic affiliation is not a requirement for entry, or for the guarantee.

Opt for lower-cost rooms.

As with any real estate transaction, room rent corresponds to location and size. If your parent is able and willing to be farther from the dining room, she could save perhaps \$50 per month on rent, says Jim Pusateri, senior vice president of sales strategies for Brookdale, the country's largest owner of adult-care communities. If she can handle a studio, she could save several hundred dollars a month, he adds. Residents willing to share a one-bedroom apartment, making the living

room into a bedroom, could save 40 to 50 percent of the rent, depending on the facility. If you end up sharing an apartment with two bedrooms, in some cases Brookdale furnishes the common space, so you need to bring furniture only for your own room.

Discount the glitz. Consider a residence housed in an older building, or one with fewer beds, advises Maribeth Bersani, chief operating officer of Argentum, a trade association of for-profit adult-care residences. Big, new campuses operated by national or regional chains offer more amenities—at a cost—and must support expensive corporate staff. "If you have Mrs. Smith's Assisted Living, she doesn't have those expenses," Bersani says, adding that Mrs. Smith will need to be vetted for quality of care.

Mind the Details

In any assisted living stay, you'll need to factor in many costs aside from rent. These might include a nonrefundable

intake fee; a deposit for pets; and fees for administering medications, assistants accompanying your parent to medical appointments, phone and internet service, transportation, haircuts, dry cleaning, and cultural events. Be aware of other considerations:

Plan for possible coverage gaps. You or your parent could wait up to six months for the payments from a long-term-care insurer to start. If you need to cash in a CD early, your bank might waive the early withdrawal penalty for an urgent need such as entering assisted living. But if your bank won't budge, don't sweat the penalties, Sarenski says. "The bank will just change the interest rate back to that of a savings account," he explains. "In this low-interest environment, you're not missing much."

You can write off the cost of care. Once the total medical expenses exceed 10 percent of adjusted gross income, you can deduct the remainder from federal income taxes for the resident. Deductible medical expenses can include long-term-care insurance premiums and the medical services provided within the facility itself. If you are covering more than half your parent's support in assisted living, you can deduct those expenses from your own taxes when they exceed 10 percent of your adjusted gross income. To maximize the deduction, pay for assisted living with the taxable distributions from retirement accounts, advises Michael Keeler, a certified financial planner at Peak Financial Solutions in Las Vegas. "Even with the 10 percent limit, a bill of \$65,000 a year—not uncommon for assisted living—is likely to result in a sizeable tax break for most people," Keeler says. —by *Tobie Stanger*

No Place Like Home
Make multiple visits to a facility and ask residents about their experiences before you make a choice.



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Making the Right Moves

Despite these challenges, families can find high-quality assisted living facilities. But start your search well before you or your parent actually needs care. If your parent's health declines, assisted living might not even be an option, says Deborah Fins, an aging-life-care expert in Worcester, Mass. Many facilities will not take people who are wheelchair-bound

or need help with multiple chronic conditions, but some allow residents to stay if they become more infirm. To help you target your search, here are four key questions to ask:

1. What kind of help will the resident need?

Perhaps your parent no longer drives and is becoming socially isolated. Or he or she can't manage stairs or forgets to turn off the oven. For seniors who need moderate amounts of support, assisted living could be the smart choice. Assisted living is working well for Sharon Koenig, 76,

who lived alone for two years after her husband died. “I kept waiting for him to come in the door,” Koenig says. She also was having trouble tracking her medications. With help from an aging-life-care expert, who is familiar with local facilities, Koenig looked at several senior residences, including a small nursing home.

Unlike some of the other places, Regal Palms in nearby Largo, Fla., a large facility with several levels of care, offered a varied menu of activities. Last October, Koenig moved to the assisted living section, into a two-bedroom apartment that has space for her 50-gallon aquarium. She gets help with medication but still does her own laundry. “Some people might be afraid of a big place, but I think it’s better,” she says. “There’s always someone to have dinner with.”

Smart move: Make sure your family member has a medical evaluation from a primary care doctor—or a specialist, if your parent has an illness—to understand the level of care required, as well as how those needs might change. For more perspective, hire an aging-life-care expert to help point you to appropriate residences. “Given the wide variation in the types of services provided by assisted living communities, it’s well worth spending the several hundred dollars for a professional care manager,” says Stephen Maag, a director at LeadingAge, an association of nonprofit senior-living groups.

2. How good is the quality of care?

Make sure the residence is licensed to provide assisted living, to ensure that there’s at least a minimum level of oversight. Take a close look at the residence’s inspection record, which indicates how often it has been checked or whether it has had complaints. (See “10 Helpful Resources,” on page 41.) Some states, such as Florida and California, maintain consumer-friendly assisted living websites that list inspection records and regulatory actions. But some states do not, or they fail to update them. You can also ask your state ombudsman’s office about a facility’s complaint record.

In the end, the best information about quality of care could come from people who visit facility residents, as well as from the residents themselves. Ask the residents specifics about the care—whether meds are delivered on time, for example—and how management responds to complaints, suggests Liz Barlowe, an aging-life-care expert in Seminole, Fla.

Try to make multiple visits to the residence—including at meal time and on weekends. Most facilities will welcome you even if you don’t have an appointment. Talk to residents, and see whether the staffers seem happy or appear overworked.

Smart move: Ask how the residence would handle a fall, a common occurrence. Would a nurse be on hand to evaluate your parent, or would he be sent to the emergency room? And ask whether “the facility provides an on-site clinician or medical staff that can help the resident avoid the expense and health risk of an unnecessary trip to the ER or a

hospitalization,” says Alan Kronhaus, M.D., CEO of Doctors Making House Calls, a North Carolina medical group that provides on-site healthcare to assisted living residents.

3. What are the real costs of care?

Ask for a written list of the fees, and make sure the information is included in your contract. (See “Putting the Contract Under a Microscope,” on page 34.) Some facilities have all-in costs that cover room, board, and care for a particular level of assistance, and others have point systems or charge à la carte. (See “11 Ways to Afford the Care You Need,” on page 36.)

Be sure to get clear information about the circumstances that could trigger higher or additional charges and how the facility assesses those fees, says Patty Ducayet, state long-term-care ombudsman for Texas. What would it cost to have your dad driven to a doctor 10 miles away vs. 5 miles away? Is it okay to hire private aides?

Smart move: Ask about the policy for lowering fees. Say your mom requires a higher level of care for a week to recover from a hospital stay. How quickly can the fees be cut when she has recovered? “Bumping down the charges tends to take longer than bumping up,” says Karen Jones, a state long-term-care ombudsman in San Luis Obispo, Calif.

4. Can your parent be kicked out?

Involuntary discharges rank among the top complaints in most states, according to the National Consumer Voice survey. Discharges are usually triggered by lack of payment or care needs that exceed the facility’s capacity to provide the services. The discharge terms should be detailed in the contract, as well as the required amount of notice you’ll receive, which is typically 30 days.

For Jill Goldberg, the possibility of her mom’s discharge was unexpected. Her mom, Sylvia Wenig, 94, was living in Brookdale West Boynton Beach in Boynton Beach, Fla. “We’d been getting great care there,” says Goldberg, 61, who lives near Boston. But after a hospitalization, Wenig lost her mobility and was not allowed to return to the facility. Goldberg asked if her mother could return for a week or two to allow time to find another facility, but Brookdale refused.

Goldberg says she persuaded the hospital to let her mother stay a few more days, and with help from an aging-life-care expert, she moved Wenig to a nursing home. Says Brookdale spokesman James Hauge, “For residents who require more care than the community is able to provide, we inform them of other care options and actively help them find a community that can meet their new care needs.”

Smart move: Don’t rely on the marketing director’s assurances that your parent will be able to age in place. “Verbal agreements are nearly impossible to prove,” says Jones, who recommends getting the promises in writing. With assisted living, it’s better to know exactly where you stand.

Long-Term-Care Insurance Gets a Makeover

New, more affordable policies may be worth considering

ONCE YOU OR A FAMILY MEMBER starts having trouble with everyday activities, such as preparing meals and showering alone, you might need some assistance. It could be help from a home health aide or a move into an assisted living facility or nursing home. Planning for this can be a fraught exercise. But there are new types of long-term-care insurance that might help.

Researchers estimate that more than half of today's 65-year-olds will require long-term care at some point, at an average total cost of \$138,000. Most will need help for less than two years. But one in seven Americans turning 65 today will face more than five years of disability, with potentially dire financial consequences. Medicare covers only short stints in a nursing facility. Medicaid can fill the gap, but only after you've depleted most of your assets. But to afford an assisted living facility, you're probably on your own.

Enter long-term-care insurance, private policies that cover at least a portion of home, assisted living, or nursing home care. A recent survey of Consumer Reports subscribers found that 22 percent were paying for the protection.

But this particular niche of the insurance industry has had problems. For years insurers misjudged how many policyholders would keep paying premiums and eventually make claims. That, combined with unexpectedly low interest rates, led insurers to hike prices by double digits or leave the business. More than 100 companies sold long-term-care policies in the early 2000s. That number is down to about a dozen.

Amid these troubles, the industry

is evolving, bringing consumers new coverage choices. But even the existing choices can be confusing. In the subscriber survey, many long-term-care policyholders expressed uncertainty about what benefits are covered by their policies, beyond nursing home or assisted living care. So before you shop, know the pros and cons of the three major options.

Traditional Long-Term-Care Insurance

What's to like: The median cost of a semiprivate nursing home room nationwide is \$82,125 per year, according to Genworth's 2016 Cost of Care Survey. Assisted living runs \$43,539, with home health aides charging a median of \$20 per hour. Insurance gives you the peace of mind that no matter where you need care, you'll have the money to cover at least a portion of the bill. A lengthy stay at a nursing home is less likely to drain your savings or wipe out your estate.

For a few thousand dollars a year—the recent average annual premium was \$2,727, according to the industry research firm LifePlans—you'll lock in a benefit (an average of \$161 per day for a nursing home) for a set number of years (three is most common). You can include an inflation rider that increases your daily benefit over time, typically by 3 percent a year. The policies are triggered once you can't perform two of six so-called activities of daily living (dressing, bathing, using the toilet, eating, continence, and transferring to a wheelchair) or suffer from severe cognitive impairment. Benefits start after a 30- to 90-day waiting period.

Now that insurance companies appear to have learned from past pricing mistakes, the chance of a future double-digit premium hike may have diminished.

"For new policies you're buying today, the risk of rate increases has never been this low," says Michael Kitces, director of wealth management at Pinnacle Advisory Group in Columbia, Md.

What are the challenges: The reason premiums are so stable? "That's because long-term-care insurance has never been more expensive," Kitces says. And what your premium gets you is shrinking as buyers opt for lower daily benefits and shorter coverage and reduced inflation protections. "Middle-income people have essentially been priced out," says Bonnie Burns, training and policy specialist at California Health Advocates. In 2015, the median income of buyers was \$87,500, vs. \$62,500 in 2005, according to LifePlans.

Despite stable rates today, Burns advises budgeting for a 50 percent premium hike down the road because there's no predicting the future factors that could push rates up, such as a wave of long-living boomers needing care.

Also, you must keep paying the premiums until you need the care, perhaps for decades, or you'll forfeit future benefits and all the money you've paid. Yet a 2015 study by the Center for Retirement Research found that more than a quarter of those who buy policies at age 65 lapse, probably because of financial difficulties or cognitive decline. "For those people, a policy is worse than useless," says study co-author Anthony Webb, now research director at the New School for Social Research's Schwartz Center for Economic Policy Analysis.

Short-Term-Care Insurance

What's to like: A more modest approach to long-term care is gaining steam. A short-term policy covers up to 360 days at home or in a facility. Qualifying is easier: Unlike with traditional insurance, you might not have to answer as many medical

underwriting questions. And the premiums are far lower—a 65-year-old might pay \$928 per year for a one-year policy with a \$150-per-day benefit, according to the American Association of Long-Term Care Insurance.

If you spend less than the daily benefit, check the terms of your coverage. Some policies allow you to carry forward the unused amount and stretch out the coverage period longer than a year. And because the potential benefit period is shorter and more predictable, these policies have a better history of rate stability, says Stephen D. Forman, CLTC, senior vice president of Long Term Care Associates in Bellevue, Wash.

A year of coverage might be all you need. The AALTCI reports that 41 percent of long-term-care insurance claims run out within a year. If not, notes Forman, a short-term-care policy “might get you into a nursing home that wouldn’t have accepted you on Medicaid.”

What are the challenges: These policies might not cover all care options

and may have stricter requirements, so you need to consider what’s most important for you. For example, not all pay for assisted living or home care.

What’s more, if the point of insurance is to protect against a catastrophe, these policies fail that test. Though you might be able to pay for a year of care out of income and savings, multiyear stays can wreck your finances. “You want insurance for the really bad scenario,” says Colorado Springs, Colo., financial planner Allan Roth, who suggests taking a small benefit or a longer waiting period instead. “That way you partially insure but still protect yourself.”

Hybrid Life and Long-Term-Care Policies

What’s to like: Another increasingly popular option is a policy that combines life insurance with long-term-care coverage. Though still a small part of the market, these policies have seen a 50 percent sales spike since 2012, LIMRA reports. With a hybrid policy, you can tap the death benefit to pay for

long-term care. If you don’t need help, your heirs get the full payout. “You’re guaranteed to get your money one way or another,” Forman says. Rates are considered “noncancelable,” which means premiums are fixed for life (and often paid all at once up front).

What are the challenges: A single premium means you’ll have to come up with tens of thousands of dollars at once. In 2016 the average single premium was \$89,000, according to LIMRA, an insurance marketing research group. You may also buy life insurance you don’t need. And, unlike with traditional long-term-care insurance, the premiums are not tax-deductible. But the biggest risk is that you could forego thousands of dollars in potential earnings on your investment if interest rates rise, because the policies don’t guarantee that you’ll earn market rates. “Rates are at 40-year lows,” Kitces says. Those lost earnings, he adds, could end up making hybrids the most expensive long-term-care policy of all.

—by Ellen Stark

10 Helpful Resources

Finding information about assisted living residences in your area will require some digging. Online resources can speed your search. You can also enlist expert help that can save time and avoid costly mistakes.

For an overview of senior housing options

AARP Comprehensive information on independent living and nursing homes, as well as assisted living. aarp.org/home-family/caregiving/senior-housing

To start your search for an assisted living facility

Caring.com Click Assisted Living, then enter your ZIP code to find residences; listings include communities and services with current state licensing. caring.com

If you’re in a hurry to find a residence

[A Place for Mom](http://APlaceforMom) Referral service is free to consumers; providers pay the site a fee if you move in. aplaceformom.com

To get help from an aging-life-care expert

[Aging Life Care Association](http://AgingLifeCare) Click on Find an Aging Life Care Expert to search in your state. aginglifecare.org

To check the assisted living regulations in your state

[National Center for Assisted Living](http://NationalCenterforAssistedLiving) Go to Advocacy, then State Regulations to see rules for every state. ahcancal.org

A starting point for checking assisted living violations

[A Place for Mom](http://APlaceforMom) Click on your state to find out how to obtain inspection reports. aplaceformom.com/assisted-living-state-licensing

To contact your state long-term-care ombudsman

[National Long-term Care Ombudsman Resource Center](http://NationalLong-termCareOmbudsmanResourceCenter) Use the map tool to locate links for your state. ltcombudsman.org

To get a legal review of your contract

[National Academy of Elder Law Attorneys](http://NationalAcademyofElderLawAttorneys) Click Consumer Resources, then Find an Attorney. naela.org

For the basics on long-term-care benefits

LongTermCare.gov This federal website provides an overview of long-term care, as well as links to Medicare and Medicaid information. longtermcare.acl.gov

For first-person insight into assisted living

[The Thin Edge of Dignity](http://TheThinEdgeofDignity) Dick Weinman, a retired professor of broadcast communications at Oregon State University, became wheelchair-bound in 2005 after a car crash. In this short documentary, he describes his personal experience with assisted living and how he manages to stay active. Type “Thin Edge of Dignity” into the search box. youtube.com