



2003 GE Financial Nursing Home Cost of Care Survey

Commissioned by
GE Financial
Long Term Care Division
and performed by
Evans Research Associates
of San Francisco

The Need

Today in America, there are 35 million people of retirement age – 65 and over – and more than 76 million baby boomers heading toward retirement¹.

Many have family members – spouses, siblings, or parents – who have needed long term care, either in their own home, an assisted care facility, or in a nursing home. These people know how expensive long term care can be.

Others, who may not have personal experience involving long term care needs, nonetheless understand the possibility that they or a loved one will need such care at some point in the future.

In fact, it is estimated that 42 percent of those who reach 70 will need some form of long term care during the remainder of their lives².

Because facts are vital to informed decision-making and proper planning, we commissioned this second annual survey of nursing home costs.

It is our hope that baby boomers and those who are already enjoying their retirement will use the figures contained in this report to help them plan appropriately for their potential long term care needs.

Although long term care in 2003 is delivered in a variety of settings, nursing homes have historically been the most intensive – and most expensive – setting in which to receive such care.

Prudent planning for long term care needs should include evaluation of the costliest potential scenario. That planning should include ascertaining the cost of care in the area one currently lives or plans to live, and considering that the average stay in a nursing home is 2.5 years³.

These factors will provide a clear picture of the potential expense of long term care needs. Thus armed, the prudent person can evaluate how best to meet the needs that may arise in the years ahead.



Buck Stinson, President, GE Financial Long Term Care Division

¹ SOURCE: U.S. Census Bureau, Profile of General Demographic Characteristics: 2000

² According to a study by the Agency for Health Care Policy and Research, PR Newswire, 6/19/01

³ As of 1999, the last time such figures were compiled, per The National Nursing Home Survey: 1999 Summary, Vital and Health Statistics Series 13, Page 39, Department of Health & Human Services, Published 6/02

Executive Summary

In 2001, GE Financial identified the need for a statistically strong benchmark of the cost of nursing home care in the United States.

To provide such a benchmark, we selected the San Francisco-based firm Evans Research Associates to survey more than 2,400 skilled and intermediate-care facilities throughout the United States. The first survey, conducted in December 2001, revealed the average cost of a year in a nursing home nationwide to be \$54,900.

In May 2003, we repeated the survey. This time, Evans Research Associates polled 2,218 skilled and intermediate-care facilities and determined that the average annual cost had risen to \$57,700.

The survey tallied 74 separate regions. Of those, Alaska had the highest average annual cost, at \$166,700 per year, while Louisiana had the lowest average annual cost, at \$35,900 per year.

SUMMARY OF FINDINGS

Average Annual Cost: \$57,700

Nursing Homes Surveyed: 2,218

Highest average annual cost: Alaska @ \$166,700 per year

Lowest average annual cost: Louisiana @ \$35,900 per year

Margin for error: $\pm 1.9\%$

Methodology

Evans Research Associates of San Francisco surveyed 2,218 skilled and intermediate care nursing homes in all 50 states and the District of Columbia during May 2003.

Researchers conducted telephone interviews among a sample of nursing homes across 74 regions created within the 50 states based on zip codes, counties and/or DMAs.

Researchers polled a minimum of 10 percent of the licensed nursing homes in each of 74 individual areas surveyed. In many cases, the sample size was significantly larger.

The number of interviews conducted in each region ranged from five of the 48 licensed nursing homes in Vermont to 239 of the 1,089 licensed facilities in California. In Alaska, they polled 13 of 15 licensed facilities.

This extensive sampling resulted in the survey's low overall margin for error of plus or minus 1.9 percent.

The survey evaluated the cost of assistance in a private room in a skilled or intermediate care nursing facility with the activities of daily living for a person suffering from a debilitation such as Parkinson's disease. It did not include costs for therapy, rehabilitation, or medications.

Regions were formed to create more accurate estimates in areas where there were large variations in costs. For example, Maricopa County (metropolitan Phoenix) was separated from the rest of Arizona because care was markedly more expensive than the costs across the rest of the state.

Using this method yielded more meaningful figures than providing a single average figure for every state.

Nursing Home Costs by Area

As compiled by Evans Research Associates

| STATE OR REGION | Minimum Daily Cost | Maximum Daily Cost | Average Daily Cost | Average Annual Cost |
|-----------------------------------|--------------------|--------------------|--------------------|---------------------|
| ALABAMA | \$ 111.84 | \$ 147.00 | \$ 127.45 | \$46,600 |
| ALASKA | \$ 250.00 | \$ 720.00 | \$ 456.66 | 166,700 |
| ARIZONA | \$ 91.94 | \$ 250.50 | | See NOTE |
| - Maricopa County (Phoenix) | \$ 120.00 | \$ 250.50 | \$ 170.44 | 62,300 |
| - The Rest of Arizona | \$ 91.94 | \$ 195.00 | \$ 146.90 | 53,700 |
| ARKANSAS | \$ 93.00 | \$ 140.00 | \$ 107.51 | 39,300 |
| CALIFORNIA | \$ 80.59 | \$ 290.00 | | See NOTE |
| * Southern California * | \$ 90.00 | \$ 290.00 | | |
| - Los Angeles County | \$ 105.00 | \$ 225.00 | \$ 143.61 | 52,500 |
| - Orange County | \$ 90.00 | \$ 230.26 | \$ 157.33 | 57,500 |
| - San Diego County | \$ 124.00 | \$ 290.00 | \$ 172.10 | 62,900 |
| - The Rest of Southern California | \$ 121.00 | \$ 243.00 | \$ 159.50 | 58,300 |
| * Northern California * | \$ 80.59 | \$ 275.00 | | |
| - SF/Oakland/SJ DMA | \$ 85.53 | \$ 275.00 | \$ 183.57 | 67,100 |
| - The Rest of No. Ca. | \$ 80.59 | \$ 275.00 | \$ 165.50 | 60,500 |
| * Central California * | \$ 120.00 | \$ 176.68 | \$ 147.03 | 53,700 |
| COLORADO | \$ 105.00 | \$ 215.00 | \$ 143.57 | 52,500 |
| CONNECTICUT | \$ 171.41 | \$ 340.00 | \$ 266.71 | 97,400 |
| DELAWARE | \$ 85.00 | \$ 205.00 | \$ 161.90 | 59,100 |
| DIST. OF COLUMBIA | \$ 132.57 | \$ 330.00 | \$ 226.60 | 82,800 |
| FLORIDA | \$ 108.55 | \$ 240.00 | | See NOTE |
| - Tampa DMA | \$ 133.00 | \$ 200.00 | \$ 163.45 | 59,700 |
| - Miami DMA | \$ 143.09 | \$ 240.00 | \$ 174.09 | 63,600 |
| - Orlando DMA | \$ 140.00 | \$ 204.00 | \$ 171.35 | 62,600 |
| - W Palm Beach DMA | \$ 108.55 | \$ 227.00 | \$ 172.36 | 63,000 |
| - The Rest of FL | \$ 118.00 | \$ 216.00 | \$ 151.69 | 55,400 |
| GEORGIA | \$ 80.00 | \$ 160.00 | \$ 118.33 | 43,200 |
| HAWAII | \$ 161.00 | \$ 350.00 | \$ 232.01 | 84,700 |
| IDAHO | \$ 117.00 | \$ 179.00 | \$ 147.90 | 54,000 |
| ILLINOIS | \$ 82.00 | \$ 272.00 | | See NOTE |
| - Chicago DMA | \$ 100.00 | \$ 269.00 | \$ 167.39 | 61,100 |
| - The Rest of Illinois | \$ 82.00 | \$ 272.00 | \$ 128.77 | 47,100 |
| INDIANA | \$ 93.00 | \$ 263.00 | \$ 149.75 | 54,700 |
| IOWA | \$ 91.00 | \$ 169.00 | | See NOTE |
| - Des Moines DMA | \$ 92.00 | \$ 154.00 | \$ 116.76 | 42,700 |
| - The Rest of Iowa | \$ 91.00 | \$ 169.00 | \$ 114.38 | 41,800 |
| KANSAS | \$ 81.00 | \$ 171.68 | \$ 112.39 | 41,100 |
| KENTUCKY | \$ 100.00 | \$ 190.00 | | See NOTE |
| - Louisville DMA | \$ 109.50 | \$ 184.00 | \$ 153.74 | 56,200 |
| - The Rest of Kentucky | \$ 100.00 | \$ 190.00 | \$ 134.11 | 49,000 |
| LOUISIANA | \$ 76.99 | \$ 177.54 | \$ 98.33 | 35,900 |
| MAINE | \$ 150.00 | \$ 233.00 | \$ 199.40 | 72,800 |
| MARYLAND | \$ 111.00 | \$ 265.00 | \$ 175.91 | 64,300 |

NOTE: Because figures are provided for individual areas, no statewide average is included.

Nursing Home Costs by Area, cont'd.

As compiled by Evans Research Associates

| STATE OR REGION | Minimum Daily Cost | Maximum Daily Cost | Average Daily Cost | Average Annual Cost |
|-----------------------|--------------------|--------------------|--------------------|---------------------|
| MASSACHUSETTS | \$ 155.00 | \$ 320.00 | | See NOTE |
| - Boston DMA | \$ 175.00 | \$ 320.00 | \$ 245.75 | 89,800 |
| - The Rest of MA | \$ 155.00 | \$ 265.00 | \$ 219.49 | 80,200 |
| MICHIGAN | \$ 125.00 | \$ 267.00 | \$ 169.63 | 62,000 |
| MINNESOTA | \$ 111.33 | \$ 239.10 | \$ 155.11 | 56,700 |
| MISSISSIPPI | \$ 86.00 | \$ 145.00 | \$ 119.74 | 43,800 |
| MISSOURI | \$ 88.00 | \$ 189.00 | \$ 115.24 | 42,100 |
| MONTANA | \$ 103.00 | \$ 156.00 | \$ 127.05 | 46,400 |
| NEBRASKA | \$ 105.00 | \$ 192.00 | \$ 135.26 | 49,400 |
| NEVADA | \$ 125.00 | \$ 215.00 | \$ 150.95 | 55,100 |
| NEW HAMPSHIRE | \$ 113.49 | \$ 255.00 | \$ 198.62 | 72,500 |
| NEW JERSEY | \$ 145.00 | \$ 295.00 | \$ 219.37 | 80,100 |
| NEW MEXICO | \$ 95.00 | \$ 227.50 | \$ 145.54 | 53,200 |
| NEW YORK | \$ 130.00 | \$ 450.00 | | See NOTE |
| - New York DMA | \$ 155.00 | \$ 450.00 | \$ 288.80 | 105,500 |
| - The Rest of NY | \$ 130.00 | \$ 281.00 | \$ 215.49 | 78,700 |
| NORTH CAROLINA | \$ 97.00 | \$ 190.00 | \$ 137.75 | 50,300 |
| NORTH DAKOTA | \$ 124.00 | \$ 279.53 | \$ 195.07 | 71,300 |
| OHIO | \$ 100.00 | \$ 212.00 | | See NOTE |
| - Columbus DMA | \$ 120.00 | \$ 197.00 | \$ 157.46 | 57,500 |
| - Cleveland DMA | \$ 110.00 | \$ 195.00 | \$ 152.20 | 55,600 |
| - The Rest of Ohio | \$ 100.00 | \$ 212.00 | \$ 151.51 | 55,400 |
| OKLAHOMA | \$ 69.00 | \$ 188.00 | \$ 111.36 | 40,700 |
| OREGON | \$ 120.00 | \$ 194.25 | \$ 143.99 | 52,600 |
| PENNSYLVANIA | \$ 92.00 | \$ 285.00 | | See NOTE |
| - Philadelphia DMA | \$ 153.00 | \$ 285.00 | \$ 198.27 | 72,400 |
| - Harrisburg DMA | \$ 126.00 | \$ 218.00 | \$ 178.29 | 65,100 |
| - The Rest of PA | \$ 92.00 | \$ 218.22 | \$ 168.21 | 61,400 |
| RHODE ISLAND | \$ 155.00 | \$ 244.00 | \$ 189.60 | 69,300 |
| SOUTH CAROLINA | \$ 72.37 | \$ 175.00 | \$ 128.06 | 46,800 |
| SOUTH DAKOTA | \$ 103.00 | \$ 151.32 | \$ 118.90 | 43,400 |
| TENNESSEE | \$ 95.00 | \$ 173.00 | \$ 125.41 | 45,800 |
| TEXAS | \$ 70.00 | \$ 205.00 | | See NOTE |
| - Dallas DMA | \$ 71.00 | \$ 197.00 | \$ 125.87 | 46,000 |
| - Houston DMA | \$ 100.00 | \$ 195.00 | \$ 133.15 | 48,600 |
| - San Antonio DMA | \$ 80.00 | \$ 175.00 | \$ 115.46 | 42,200 |
| - The Rest of TX | \$ 70.00 | \$ 205.00 | \$ 111.85 | 40,900 |
| UTAH | \$ 98.00 | \$ 175.00 | \$ 131.16 | 47,900 |
| VERMONT | \$ 175.00 | \$ 200.00 | \$ 186.80 | 68,200 |
| VIRGINIA | \$ 80.00 | \$ 199.00 | \$ 137.53 | 50,200 |
| WASHINGTON | \$ 123.00 | \$ 238.00 | \$ 171.59 | 62,700 |
| WEST VIRGINIA | \$ 108.00 | \$ 177.00 | \$ 139.32 | 50,900 |
| WISCONSIN | \$ 70.00 | \$ 222.00 | \$ 153.88 | 56,200 |
| WYOMING | \$ 117.00 | \$ 165.00 | \$ 140.57 | 51,400 |
| TOTAL | \$ 69.00 | \$ 720.00 | \$ 157.87 | 57,700 |

NOTE: Because figures are provided for individual areas, no statewide average is included.

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