



John Hancock 2008 Cost of Care Survey

NOVEMBER 2008



2008 Cost of Care Survey

Understanding the latest costs for long-term care (LTC) services is of the utmost importance for consumers and LTC insurance professionals. It provides a solid basis for making well-informed decisions on LTC insurance policy design and inflation coverage.

As a leader in the LTC insurance market, John Hancock is dedicated to ensuring that you understand and have access to the latest data and trends in the costs of care. We encourage you to review this research so that you are more informed about the financial costs associated with an LTC event and the value of planning ahead with LTC insurance.

Read this survey to learn more about the following topics:

- ✓ Key findings
 - National averages for LTC services
 - Trends in the cost of care
- ✓ Stabilization of LTC cost increases
- ✓ Sample LTC costs in major metropolitan areas
- ✓ Methodology

Key findings

The results of the 2008 Cost of Care Survey indicate that the cost of long-term care services are still on the rise. The latest data suggests that, over the past six years, average annual increases¹ for costs across a variety of care settings are on track with inflation, as measured by the Consumer Price Index (CPI),² during the same time period.

National averages for LTC services

Over 11,000 care providers were surveyed in 2008 across the nation. The chart on the right reflects the average national cost of long-term care in various settings.

Facility-based Care	2008 Average Cost ³	2008 Divided Cost ³
Nursing Home: Private room	\$74,460 annually	\$204/daily
Nursing Home: Semi-private room	\$66,795 annually	\$183/daily
Assisted Living Facility	\$35,544 annually	\$2,962/monthly

Home and Community-based Care	2008 Average Cost ³
Home Health Care Aide	\$19 hourly
Adult Day Care	\$62 daily

Trends in the cost of care

The chart on the right shows the average annual increase over the past six years for the cost of care in various care settings.¹ The average increase in inflation over the same period of time was 3.3%, as measured by the Consumer Price Index (CPI).²

Long-term care setting	6-Year Average Annual Increase ¹
Nursing Home: Private room	3.2%
Nursing Home: Semi-private room	2.7%
Assisted Living Facility	4.0%
Home Health Care Aide	1.4%
Adult Day Care	2.4%

Stabilization of LTC cost increases

Historically, the cost of care tended to increase at a higher rate than overall inflation. The stabilization of annual cost increases, and the alignment of those increases with overall inflation (as measured by the CPI), reflect the evolution of care settings over the past decade.

Years ago, nursing homes were the primary long-term care setting — even for people who needed basic custodial (unskilled) care. With a growing preference for home and community-based care and the emergence of assisted living facilities, nursing homes have become the “setting of last resort,” where people received primarily acute or skilled (i.e., more expensive) care. This contributed to higher cost increases for nursing home care in the past.

Now that new care settings are in the mainstream, annual increases in the cost of care in all settings have stabilized and moved more in line with overall inflation.

Please visit the Tools & Resources section of www.johnhancockLTC.com to view an interactive map showing costs of care by city and state.



1. Six-year average annual increases are based on a comparison of the data from our 2002 Cost of Care Survey conducted by Harris, Rothenberg International, LLC, to data from providers in the same cities, as gathered by CareScout for the 2008 Cost of Care Survey.
2. Overall inflation for the 6-year period ending 6/30/08 represented by the Consumer Price Index for All-Urban Consumers (CPI), as measured by The Bureau of Labor Statistics. www.bls.gov. The Bureau of Labor Statistics is the principal fact-finding agency to the U.S. federal government and is the statistical resource to the U.S. Department of Labor. The Consumer Price Index (CPI) tracks the cost of a basket of goods and services, that are heavily influenced by housing and labor costs, two of the key drivers of long-term care costs.
3. Costs rounded to the nearest dollar.

Sample LTC costs in major metropolitan areas

CITY	STATE	NURSING HOME PRIVATE ⁴ (DAILY)	NURSING HOME SEMI-PRIVATE ⁴ (DAILY)	HOME HEALTH CARE (HOURLY)	ASSISTED LIVING FACILITY (MONTHLY)	ADULT DAY CARE (DAILY)
Juneau	AK	\$500	\$500	n/a	\$2,240	\$82
Montgomery	AL	\$185	\$174	\$14.00	\$2,880	\$19
Tucson	AZ	\$206	\$172	\$20.35	\$2,921	\$66
Phoenix	AZ	\$202	\$161	\$20.53	\$2,703	\$78
Little Rock	AR	\$151	\$135	\$17.30	\$2,471	\$42
Los Angeles	CA	\$217	\$173	\$18.46	\$3,180	\$116
Sacramento	CA	\$242	\$194	\$20.29	\$2,686	\$76
San Diego	CA	\$250	\$196	\$20.44	\$2,852	\$78
San Francisco	CA	\$199	\$205	\$25.63	\$3,406	\$86
Denver	CO	\$223	\$194	\$19.69	\$2,717	\$64
Hartford	CT	\$294	\$276	\$18.00	\$3,075	\$77
Stamford	CT	\$430	\$390	\$22.38	\$3,916	n/a
Washington, D.C.	DC	\$277	\$250	\$20.50	\$4,803	\$80
Dover	DE	\$221	\$211	\$21.00	\$3,551	\$50
Miami	FL	\$248	\$200	\$15.60	\$1,726	\$29
Orlando	FL	\$218	\$203	\$16.98	\$2,583	\$58
Tampa	FL	\$207	\$193	\$18.72	\$2,659	n/a
Atlanta	GA	\$179	\$159	\$17.44	\$3,262	\$40
Honolulu	HI	\$290	\$251	\$21.78	\$3,125	\$58
Boise	ID	\$213	\$195	\$18.75	\$3,057	\$108
Chicago	IL	\$168	\$148	\$19.65	\$3,039	\$50
Springfield	IL	\$167	\$142	\$17.19	\$3,390	\$64
Indianapolis	IN	\$191	\$162	\$18.22	\$2,696	\$56
Des Moines	IA	\$168	\$156	\$18.50	\$2,501	\$46
Kansas City	KS	\$163	\$146	\$19.00	n/a	\$65
Frankfort	KY	\$193	\$179	\$17.33	\$2,700	\$72
New Orleans	LA	\$137	\$127	\$13.00	\$3,265	\$55
Augusta	ME	\$252	\$216	n/a	\$3,975	\$50
Annapolis	MD	\$272	\$223	\$19.00	\$3,770	n/a
Baltimore	MD	\$228	\$218	\$20.50	\$2,279	\$75
Boston	MA	\$312	\$289	\$22.00	\$4,290	\$56
Detroit	MI	\$180	\$173	\$19.50	n/a	\$57
Grand Rapids	MI	\$233	\$205	\$19.30	\$2,698	\$89
Minneapolis	MN	\$166	\$147	\$26.50	\$3,090	\$58
St. Paul	MN	\$164	\$122	n/a	\$2,278	\$65
Jackson	MS	\$170	\$164	\$17.13	n/a	\$63
St. Louis	MO	\$161	\$141	\$18.91	\$2,776	\$59
Helena	MT	\$160	\$153	n/a	\$2,592	\$81
Lincoln	NE	\$185	\$162	\$20.25	\$3,218	\$35

4. Several providers offered studios or one bedrooms as private accommodations and two bedrooms as shared. This, in some instances, has made the rate for a semi-private room (shared) more expensive than a private room.

Sample LTC costs in major metropolitan areas

CITY	STATE	NURSING HOME PRIVATE ⁴ (DAILY)	NURSING HOME SEMI-PRIVATE ⁴ (DAILY)	HOME HEALTH CARE (HOURLY)	ASSISTED LIVING FACILITY (MONTHLY)	ADULT DAY CARE (DAILY)
Las Vegas	NV	\$203	\$184	\$20.84	\$2,502	\$78
Concord	NH	\$259	\$239	n/a	\$3,381	\$65
Albuquerque	NM	\$183	\$164	\$19.40	\$3,062	\$57
Santa Fe	NM	\$177	\$172	n/a	\$3,685	n/a
Buffalo	NY	\$258	\$246	\$21.12	\$2,610	\$36
New York	NY	\$400	\$373	\$17.23	\$5,334	\$83
Bronx	NY	\$336	\$322	\$17.83	n/a	\$128
Brooklyn	NY	\$337	\$335	\$14.89	\$3,298	n/a
White Plains	NY	\$351	\$334	\$22.60	n/a	n/a
Newark	NJ	\$265	\$240	n/a	n/a	\$87
Trenton	NJ	\$280	\$263	\$19.00	\$4,950	\$108
Raleigh	NC	\$173	\$156	\$18.45	\$3,507	\$43
Charlotte	NC	\$199	\$182	\$17.58	\$3,488	\$49
Bismarck	ND	\$151	\$137	\$13.95	\$1,835	\$49
Cincinnati	OH	\$211	\$191	\$18.70	\$3,735	\$62
Cleveland	OH	\$191	\$181	\$18.60	\$2,945	\$47
Columbus	OH	\$212	\$187	\$17.22	\$3,868	\$50
Oklahoma City	OK	\$169	\$129	\$17.73	\$2,490	\$47
Salem	OR	\$205	\$196	\$21.30	\$2,720	n/a
Philadelphia	PA	\$259	\$233	\$17.25	\$2,353	\$75
Pittsburgh	PA	\$255	\$242	\$19.31	\$2,817	\$49
Providence	RI	\$251	\$232	\$21.00	\$4,516	\$68
Columbia	SC	\$183	\$163	\$15.49	\$2,844	\$48
Pierre	SD	\$208	\$195	\$20.25	\$2,025	n/a
Nashville	TN	\$184	\$161	\$17.42	\$3,388	\$67
Dallas/Ft. Worth	TX	\$170	\$125	\$17.78	\$3,457	\$39
Austin	TX	\$187	\$138	\$18.43	\$3,544	\$50
Houston	TX	\$172	\$128	\$17.28	\$2,881	\$34
San Antonio	TX	\$169	\$126	\$16.52	\$2,968	\$32
Salt Lake City	UT	\$178	\$158	\$19.86	\$2,578	\$44
Burlington	VT	\$266	\$250	\$23.00	\$3,165	n/a
Richmond	VA	\$214	\$179	\$17.29	\$3,100	\$54
Virginia Beach	VA	\$183	\$171	\$20.32	\$3,323	\$47
Seattle	WA	\$252	\$221	\$24.28	\$4,362	n/a
Charleston	WV	\$200	\$189	\$15.50	\$3,391	\$60
Milwaukee	WI	\$234	\$214	\$19.00	\$2,928	\$51
Cheyenne	WY	\$213	\$181	\$20.00	\$2,855	n/a

4. Several providers offered studios or one bedrooms as private accommodations and two bedrooms as shared. This, in some instances, has made the rate for a semi-private room (shared) more expensive than a private room.

Methodology⁵

John Hancock contracted with CareScout, based in Wellesley, MA, to conduct the 2008 Cost of Care Survey of long-term care settings across the United States. More than 11,000 providers, inclusive of nursing homes, home health care agencies, assisted living facilities, and adult day care providers, participated in a telephone survey between April-June 2008.

The six-year trending data is based on the compound annual growth in the cost of care between 2002 and 2008. The trending analysis, which was prepared by John Hancock, is based on a comparison of the data from our 2002 Cost of Care Survey conducted by Harris, Rothenberg International, LLC, to data from providers in the same cities, as gathered by CareScout for the 2008 Cost of Care Survey.

5. This information serves as a guide to the latest costs and trends across all long-term care settings. Actual costs vary by provider. The survey data is intended to give you and your clients a better understanding of potential long-term care costs and help you make appropriate recommendations for long-term care insurance benefits.

Long-term care insurance is underwritten by John Hancock Life Insurance Company, Boston, MA 02117.

LTC-3367 11/08