

## **ALZHEIMER'S AWARENESS MONTH: THE COSTS OF DEMENTIA**

November is Alzheimer's disease and Awareness month. It's the perfect time to educate people about the disease of Alzheimer's (and other dementias) and the effects of the disease on its victims and their loved ones. In this edition of the ElderCounselor™, we are going to focus on the high costs associated with dementia during the final years.

Alzheimer's disease is a type of dementia. In fact, it is the most common form of dementia. Other types of dementia include: Parkinson's disease, Lewy body dementia, vascular dementia and Huntington's disease. According to the Alzheimer's Association, 1 in 3 seniors living in the United States die with Alzheimer's disease. It is the 6<sup>th</sup> leading cause of death in the country. The Parkinson's Disease Foundation estimates that 600,000 people have been diagnosed with Parkinson's disease in the United States. And, around 1 million adults suffer from Lewy body dementia according to the National Institute on Aging.



Compared to other diseases that are common in older adults, dementia has been discovered to be much more costly. On October 27, 2015, the Annals of Internal Medicine published results of a study of which the objective was, "To examine social costs and financial risks faced by Medicare beneficiaries 5 years before death."<sup>1</sup> The study compared 1,702 deceased Medicare beneficiaries, classified into 4 groups as follows: persons with high probability of dementia; those who died due to heart disease; those who died of cancer; and those who died for other causes.

The results of the study showed a significantly higher cost of those who died of dementia than those who died of other causes. Over a five-year period, the average cost of care for the dementia patient was \$287,038. In contrast, the heart disease patient's average cost for the same period of time was \$175,136 and the cancer patient's cost was \$173,383.

<sup>1</sup> <http://annals.org/article.aspx?articleid=2466364>

Medicare paid out about \$100,000 per patient, regardless of whether the patient suffered from dementia, heart disease, cancer or other disease, over the five-year period. However, for the same 5-year period, the out-of-pocket costs (costs not covered by Medicare) were 80% higher, or about \$61,522 more, for the dementia patients than the heart disease or cancer patients.

Why the discrepancy in the cost for dementia patients over other terrible illnesses? The reason is that dementia patients require more “caregiving” in terms of help with basic daily functions. Things that many of us take for granted to be able to do for ourselves, even when we are sick, such as bathing, dressing, toileting, and eating, are all activities many dementia patients require assistance with as the disease progresses. In addition, dementia patients often need someone with them just to protect them from themselves. Many dementia patients wander or harm themselves. Therefore, constant oversight of them is necessary.

Caregiving for the dementia patient is often taken on by a family member to avoid additional costs to the patient. This results in a financial cost to the family member who quits his or her job to take on this new caretaking role. It often results in a health cost to the family member as well since family caretakers are frequently overworked and have less time to care for their own health. This leads to increased medical bills, loss of days at work, more visits to the doctor and other expenses associated with deteriorating health of the family caretaker.

Sometimes family recognizes the benefit of hiring outside caregivers and, in order to keep their loved one in his/her home, hire an in-home caregiver. These in home care providers cost, on *national* average, about \$20 per hour.<sup>2</sup> A full-time caregiver at \$20 per hour could cost a family up to \$174,720 per year. There are also other options, such as adult day care, an assisted living facility with a dementia unit (where doors are kept locked to avoid wandering), and nursing home facilities. These options can cost, on *national* average, anywhere from \$17,904 for day care to \$91,250 for a nursing home. As is no surprise, the long-term caregiving costs can add up quickly and be devastating to most middle class families.

Currently, there is no cure for Alzheimer’s, or any other type of dementia. There are treatments that may help slow the progression of the disease. There are also theories related to diet that may help prevention or stave off the development of dementia.<sup>3</sup> However, there are no surefire ways to beat this disease as of the date of this writing. Advocating for the recognition of the costs associated with the disease as well as the heartbreaking effect on friends and family of the patient, is the best way to raise funds to support the finding of a cure and prevention of dementia. We can all look forward to a day that this disease is a thing of the past because a cure, and/or prevention, has been found.

Until that day, there are support groups for family/friend caregivers. The Alzheimer’s Association puts these groups together as do local hospitals and senior communities. It is imperative that caregivers seek out emotional, spiritual and physical support as they care for their loved ones. It cannot

---

<sup>2</sup> <https://www.genworth.com/corporate/about-genworth/industry-expertise/cost-of-care.html> \$20 is based on the 2015 Long Term Care Costs Survey by Genworth, which states that Homemaker Services national average expenses is \$45,760 (for 44 hours/week x 52 weeks).

<sup>3</sup> <http://www.webmd.com/alzheimers/features/mind-diet-alzheimers-disease> The MIND diet is said to help prevent Alzheimer’s.

be stressed enough that without proper support, the caregiver's own health will suffer and the caregiver will become a patient as well.

If you, or someone you know, suffers from dementia or loves someone who does, please contact us to discuss your options for planning for the costs associated with caregiving. Please think of us as a resource for your loved one with dementia. We can help. And, if we can't, we probably know someone who can.

Take some time this month to spread the news about the costs associated with dementia (including Alzheimer's). Bring this disease to the forefront of everyone's mind so we can find a way to beat this disease once and for all.

Have a happy Holiday Season!

*To comply with the U.S. Treasury regulations, we must inform you that (i) any U.S. federal tax advice contained in this newsletter was not intended or written to be used, and cannot be used, by any person for the purpose of avoiding U.S. federal tax penalties that may be imposed on such person and (ii) each taxpayer should seek advice from their tax advisor based on the taxpayer's particular circumstances.*