

A free guide from Lilicity

Paying for Senior Living

A practical guide for families: what care costs, how to build a budget, and how insurance, VA benefits, Medicaid and Medicare can help.

How to use this guide

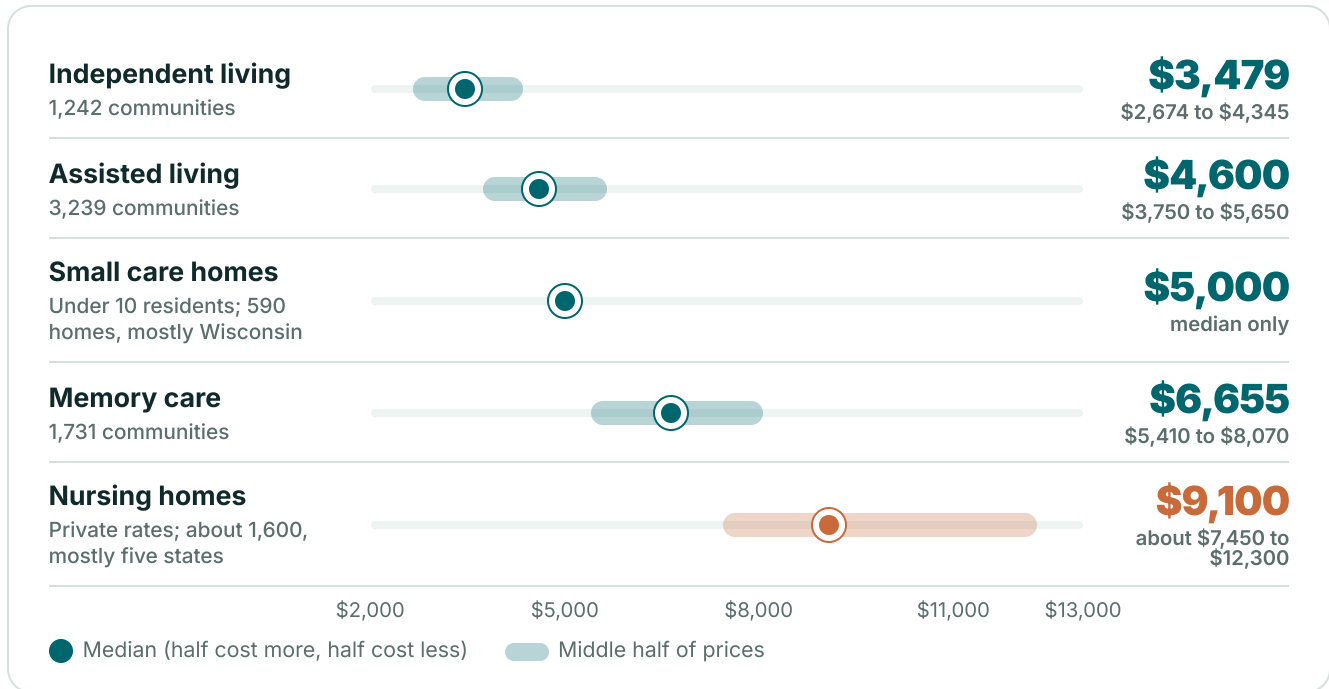
Working out how to pay for care can feel overwhelming, especially when a move is coming soon. This guide breaks it into steps you can take one at a time.

Start with the costs and the budget worksheet. Once you know the monthly gap between income and the cost of care, the rest of the guide shows where the money can come from, which programs might help, and which mistakes to avoid. Every program here has its own rules, and most change each year, so use the free help listed on page 15 to confirm what applies to your family.

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Starting prices by type of care

The amount of care someone needs is the biggest driver of cost. Here is what communities post as their starting monthly price, side by side.



How to read these numbers

- **They are starting prices.** Communities usually post the price of their smallest apartment before any care charges, so most families pay more.
- **Nursing home figures are mostly from five states.** They come mainly from private daily rates published by Connecticut, Florida, Illinois, Minnesota and North Dakota, plus nursing home websites. Treat them as a rough guide; your area may differ.
- **Small care homes are mostly from Wisconsin.** Of the 590 homes, 533 come from Wisconsin's state records, so prices elsewhere may be different.

Source: Lilisity review of community websites, October 2026 (starting prices posted by communities). Nursing homes: private rates published by CT, FL, IL, MN and ND and by nursing home websites. Small care homes: mostly Wisconsin state records.

Value is a top concern for families

In Senior Living Alliance phone interviews with residents and families, value for the money was the subject of 13% of all concerns raised. Among families who moved out, it was the single most-cited concern. Getting the full price in writing up front helps avoid surprises later.

Source: Senior Living Alliance phone interviews with residents and families, September 2025 to September 2026.

Why two bills can look so different

Two people in the same building can pay very different amounts. These are the main reasons.

Amount of care

Most communities assess each resident and add a monthly care charge. More help with bathing, dressing, medications or mobility means a higher level and a higher bill.

Apartment size

A studio costs less than a one-bedroom. A shared room, where it's offered, usually costs less again.

Location

Prices follow local wages and housing costs. A community in a big city or a high-cost state can cost far more than one an hour away.

Memory care needs

A secured setting with more staff and specially trained caregivers costs more, as the chart on page 3 shows.

How pricing usually works

Model	How it works
Rent plus care levels	Monthly rent for the apartment, plus a care charge set by an assessment. The most common model.
Points or a la carte	Each service has a price, and the bill depends on what is used each month.
All-inclusive	One monthly price covers the apartment and most care. Easier to budget, often higher to start.

Charges that add up

- One-time community or move-in fee
- Second-person fee for a couple
- Medication management
- Incontinence care and supplies
- Special diets or meal delivery
- Escorts to appointments
- Cable, phone and internet
- Yearly price increases

Find the monthly gap

Most families pay for care from three places: monthly income, savings, and the value of a home. Adding them up shows how long the money can last.

1 Add up monthly income

Social Security, pensions, annuities, retirement account withdrawals and any rental income. Use the amount that actually arrives after deductions such as the Medicare Part B premium.

2 Add the full cost of care

Rent, the care charge and extras. Then add the costs that continue after a move: health insurance premiums, prescriptions, personal spending, phone, clothing and supplies.

3 Find the gap

Subtract monthly income from monthly costs. This is the amount savings or other sources must cover each month.

4 List savings and assets

Bank accounts, investments, retirement accounts, the cash value of life insurance, and the home.

5 Divide to see how long it lasts

Then plan for care needs and prices to rise over time.

$$\text{Savings and assets} \div \text{monthly gap} = \text{months the money can last}$$

An example, with made-up round numbers

Social Security and a small pension (after deductions)	\$2,500
Assisted living rent plus care charge	\$5,600
Insurance premiums, prescriptions and personal spending	\$500
Monthly gap (\$6,100 minus \$2,500)	\$3,600

With \$120,000 in savings, that gap is covered for about 33 months. Selling a home and adding the proceeds would extend that. Because prices usually rise each year, the real number will be somewhat lower.

Our monthly budget

Fill this in with your parent, or with whoever manages their money. Use monthly amounts.

Monthly income	Amount
Social Security (after Medicare premium)	
Pension or annuity	
Retirement account withdrawals	
Other (rent from the home, VA pension, family help)	
A. Total monthly income	
Monthly costs	
Community rent and care charge	
Extras (medications, supplies, laundry, cable)	
Health insurance premiums and prescriptions	
Personal spending, phone, clothing	
Long-term care insurance premium, if still paid	
B. Total monthly costs	
C. Monthly gap (B minus A)	
Savings and assets	
Bank and savings accounts	
Investments and retirement accounts	
Home (expected sale price minus mortgage and selling costs)	
Life insurance cash value, other assets	
D. Total savings and assets	
Months the money can last ($D \div C$)	

Retirement accounts and the sale of a home can have tax effects. A tax professional can tell you how much you would actually keep.

Paying from savings and the house

Most families pay at least part of the cost themselves, at least at first. For many, the home is the largest asset they have.

Options for the house

Option	Things to weigh
Sell it	Frees up money for care and ends upkeep, taxes and insurance. Selling takes time, so plan how to cover the first few months.
Rent it out	Brings in monthly income and keeps the home in the family. Someone has to manage tenants and repairs, and rent may not cover the gap.
Keep it for a spouse	If a husband or wife still lives there, the home usually stays. Medicaid and VA rules also treat a home differently when a spouse lives in it.
Borrow against it	A bridge loan or a reverse mortgage can cover a short gap. Both carry real risks; see page 12.

Getting the timing right

- Many families need to pay a move-in fee and the first month before the house sells. Ask the community whether it offers any help or delay for families waiting on a sale.
- Get a realistic sale price from a local agent, then subtract the mortgage, repairs, commission and closing costs.
- Keep the house insured and checked on while it's empty. Ask the insurer what it requires for a vacant home.
- Before you sell or retitle the home, talk with an elder law attorney if Medicaid might be needed later. How the home is handled can affect eligibility.

Keep a record of every dollar

Keep statements and receipts for what is spent on care. If your parent later applies for Medicaid or the VA pension, the program will ask how money was used, and good records make that much easier.

More help: lilisity.com/resources/making-move-up sizing-retirement-downsizing-house

How a policy pays

If your parent bought long-term care insurance, find the policy now. Many policies cover assisted living, memory care, nursing homes and care at home.

Benefit trigger

What must be true before the policy pays. Most policies pay when someone needs help with two or more of six daily activities (such as bathing and dressing) or has a cognitive impairment such as dementia.

Elimination period

A waiting period after the trigger is met, often 30, 60 or 90 days. The family pays for care during this time. Some policies only count days when paid care was received.

Daily or monthly maximum

The most the policy pays per day or per month. If care costs more, the family pays the difference. Some policies pay a set cash amount for each eligible day instead.

Benefit period and lifetime maximum

How long benefits last, often two to five years. The daily maximum times the number of days sets the total the policy will pay.

Filing a claim

1 Call the insurer early

Start as soon as care begins, since the elimination period may not start until the claim is opened. Ask for the claim forms and a list of what's needed.

2 Expect an assessment

A nurse or social worker usually assesses your parent. Make sure they hear about every daily task your parent needs help with.

3 Gather the paperwork

Doctor's notes, the care plan, and the community's license and itemized bills. Ask the community who handles insurance paperwork.

4 Keep copies and follow up

Note every call: date, name and what was said. If a claim is denied, ask for the reason in writing and how to appeal. Keep paying premiums until the insurer confirms in writing that you can stop.

Source: LongTermCare.gov (Administration for Community Living), "Receiving Long-Term Care Insurance Benefits."

Help for veterans and surviving spouses

The VA has two main ways to help: a monthly pension with an Aid and Attendance add-on, and long-term care through VA health care.

Veterans Pension with Aid and Attendance

The pension is a monthly payment for wartime veterans with limited income and net worth who are 65 or older or have a permanent and total disability, among other paths to qualify. Aid and Attendance is an extra amount added to the pension for those who need help with daily activities like bathing, feeding and dressing, are in a nursing home because of a disability, or have very limited eyesight. Surviving spouses of wartime veterans may qualify for a Survivors Pension, which can also include Aid and Attendance.

\$163,699

Net worth limit. Counts savings and investments, plus yearly income. The home, car and most furnishings don't count.

\$29,093

Yearly maximum with Aid and Attendance for a veteran with no dependents (\$34,488 with one dependent).

3 years

The VA looks back at assets given away. A transfer can trigger a penalty of up to 5 years.

Figures apply December 1, 2025, to November 30, 2026, and change each December. The pension pays the difference between the yearly maximum and countable income. Unreimbursed medical expenses, which can include some care costs, may reduce countable income. Source: va.gov/pension.

VA long-term care

Veterans enrolled in VA health care may get nursing home care, home care, adult day care and respite care when the VA finds they need it. Nursing home options include VA Community Living Centers, community nursing homes under VA contract, and State Veterans Homes. Cost depends on income and service-connected disability. The VA doesn't pay rent at assisted living, but it inspects and approves some assisted living and adult family homes. Ask a VA social worker what your parent qualifies for.

Get free help applying

Accredited Veterans Service Organization representatives help with VA claims for free. Accredited attorneys and claims agents generally can't charge fees until the VA has decided the first claim. Be wary of anyone who charges to file a pension claim or wants to move assets to help your parent qualify. Find an accredited representative at va.gov/get-help-from-accredited-representative or call the VA at 800-827-1000.

When savings run low

Medicaid is run by each state, with federal rules. It pays for long-term care for people with limited income and assets. Rules and names vary a lot from state to state.

Assisted living (waivers)

Many states pay for care services in assisted living through home and community-based services (HCBS) waiver programs. Federal rules generally don't let Medicaid pay for room and board, so the resident still pays rent from income, savings or family help. States can cap how many people they serve, so waitlists are common. Not every community accepts Medicaid.

Nursing homes

Medicaid pays for long-term nursing home care for people who qualify medically and financially. The resident usually contributes most of their monthly income toward the cost and keeps a small amount for personal needs. The nursing home must be certified to accept Medicaid.

Rules families should know

- **The five-year look-back.** When someone applies for long-term care Medicaid, the state reviews money and property given away or sold for less than it's worth in the past 60 months. Transfers can lead to a period when Medicaid won't pay. Some transfers, such as to a spouse, are allowed.
- **Spousal protections.** When one spouse needs care and the other stays at home, federal rules protect part of the couple's savings and some income for the spouse at home. The amounts change each year, and states set them within federal limits.
- **The home.** A home is often protected while a spouse or certain relatives live there, but rules vary.
- **Estate recovery.** After a Medicaid member age 55 or older dies, states must seek repayment for long-term care costs from the estate. They wait if there is a surviving spouse or a child who is under 21, blind or disabled.
- **Spending down.** Paying for care, paying off debts and buying needed items are usually allowed. Ask before spending large amounts.

Get advice before you move money

Contact your state Medicaid office for the rules where your parent lives. Before giving away assets, retitling a home or buying an annuity to qualify, talk with an elder law attorney (find one through NAEAL at naela.org). Ask any community whether it accepts Medicaid and what happens if savings run out after move-in.

Sources: medicaid.gov; Social Security Act section 1917 (42 U.S.C. 1396p); 42 CFR 441.310.

Medicare covers health care, with limits

Medicare does not pay for assisted living, memory care or long-term nursing home care. It does cover medical care, wherever your parent lives.

Type of care	Medicare	Details
Assisted living or memory care rent and personal care	Not covered	Help with bathing, dressing and other daily tasks is custodial care, which Medicare doesn't pay for.
Long-term nursing home stay	Not covered	Medigap supplement policies don't pay for long-term care either.
Short-term skilled nursing (rehab)	Limited	Up to 100 days per benefit period after a qualifying hospital stay, if daily skilled care is needed. Details below.
Home health care	Limited	Part-time skilled care at home. Medicare doesn't pay for 24-hour care, homemaker services, or personal care when that is the only care needed.
Hospice	Covered	Covers hospice care in a home, assisted living or nursing home. Room and board isn't covered.
Doctors, hospital, prescriptions	Covered	Through Parts A, B and D, or a Medicare Advantage plan, the same as at home.

Skilled nursing facility rules in 2026

- A medically necessary inpatient hospital stay of at least 3 days in a row is required first. Time under "observation" or in the emergency room doesn't count.
- Your parent usually must enter the facility within about 30 days of leaving the hospital and need daily skilled care.

\$0

Per day for days 1 to 20, after the \$1,736 Part A deductible

\$217

Per day for days 21 to 100

All costs

From day 101 of the benefit period

2026 amounts for Original Medicare. Medicare Advantage plans may charge different copays. Source: [medicare.gov/coverage](https://www.medicare.gov/coverage).

More help: lilisity.com/resources/does-medicare-pay-for-assisted-living

If a discharge feels unsafe: lilisity.com/resources/unsafe-discharge-medicare-fast-appeal

Other ways to raise money

These tools can help some families, and each has costs and tradeoffs. Ask for everything in writing, and get independent advice before you sign.

Life insurance

Some life insurance policies let the owner take part of the death benefit early when long-term care is needed (an accelerated death benefit). Others can be sold for cash to a third party (a life settlement). Some policies also have a cash value that can be borrowed or withdrawn.

Cautions: the payout may be well below the death benefit, less is left for heirs, and the money can affect Medicaid eligibility. Call the insurer first to learn exactly what the policy allows.

Reverse mortgage

A loan for homeowners 62 and older that turns home equity into cash without monthly payments. The loan is repaid when the last borrower dies, sells or moves out.

Cautions: for the most common type (HECM), the loan can come due if no borrower has lived in the home for more than 12 months in a row because of illness. That makes it a poor fit when the only owner is moving into care. It may help when one spouse stays at home. The owner must still pay property taxes, insurance and upkeep. A meeting with an approved counselor is required first.

Bridge loan

A short-term loan, sometimes offered through a community's partner lender, to cover costs while waiting for a house to sell or for benefits like the VA pension to start.

Cautions: interest and fees can be high, and the loan must be repaid even if the house sells slowly or benefits are denied. Ask who signs and who is responsible if it can't be repaid.

When family members chip in

If children or siblings share the cost, write down who pays what and keep records. If a family member is paid to provide care, a written agreement matters for Medicaid. Ask an elder law attorney how to set one up.

Sources: LongTermCare.gov (Administration for Community Living); 24 CFR 206.27.

Questions for every community

Ask these before you sign anything, and ask for the answers in writing.

The monthly bill

- ☐ What will the total be each month for my parent's needs?
- ☐ What's included in rent, and what costs extra?
- ☐ How are care levels set, and how often reassessed?
- ☐ Can I see a sample bill for someone with similar needs?

Price increases

- ☐ How much did rent go up in each of the last three years?
- ☐ How much notice do you give before an increase?
- ☐ What can change the care charge between yearly increases?
- ☐ Who do I call to question a bill?

Fees and deposits

- ☐ What fees are due at move-in? Are any refundable?
- ☐ Is there a fee for a second person?
- ☐ What does it cost to hold the apartment during a hospital stay?
- ☐ How much notice is needed to move out, and what is refunded?

When money changes

- ☐ Do you accept Medicaid? Now or only after a period of private pay?
- ☐ What happens if savings run out after move-in?
- ☐ Will you complete long-term care insurance paperwork?
- ☐ Have you worked with families using VA benefits?

Compare full costs

Compare total monthly costs for your parent's needs, including care charges. A lower starting price can end up costing more once care is added.

More help: lilicity.com/resources/senior-living-costs-it-worth-price and lilicity.com/resources/assisted-living-tour-questions

Common money mistakes

These are easy to make when a move happens fast. Most are hard to undo.

! Giving money or the house to family. Gifts made in the five years before a Medicaid application, or three years before a VA pension claim, can delay benefits. Talk with an elder law attorney first.

! Signing as "responsible party" without reading what it means. Some contracts make the person who signs personally liable for the bill. Federal rules bar nursing homes from requiring a third party to guarantee payment. If you sign, sign as your parent's agent (for example, "as power of attorney"), and ask a lawyer about anything unclear.

! Not reading the contract. Take it home. Look for how prices rise, reasons a resident can be asked to leave, refund rules and what happens if money runs out.

! Waiting until a crisis. Medicaid waitlists, VA claims and home sales all take time. Starting early gives you more choices.

! Paying someone to file for VA benefits. Free, accredited help is available. Be wary of offers to move assets so your parent qualifies.

! Cashing out retirement accounts all at once. A large withdrawal in one year can mean a large tax bill. Ask a tax professional how to time withdrawals.

! Letting a long-term care policy lapse. Keep paying premiums until the insurer confirms in writing that you can stop.

You don't have to figure this out alone

These programs offer free, unbiased help. Start with the one that fits your biggest question.

Area Agency on Aging

Local advice on benefits, programs and care options, including Medicaid waivers in your state.

eldercare.acl.gov · 1-800-677-1116

SHIP (State Health Insurance Assistance Program)

Free one-on-one counseling on Medicare, Medicare Advantage, Medigap and help with costs.

shiphelp.org · 877-839-2675

VA accredited representatives

Veterans Service Organization representatives help file pension and Aid and Attendance claims at no cost.

va.gov/get-help-from-accredited-representative · 800-827-1000

Elder law attorneys

Advice on Medicaid planning, powers of attorney, the home and contracts. Many offer a first consultation. NAELA lists members by area.

naela.org (Find a Lawyer)

State Medicaid office

The rules, income and asset limits and application process where your parent lives. Your Area Agency on Aging can point you to it.

Search "Medicaid" plus your state's name

Long-Term Care Ombudsman

Help with problems in assisted living and nursing homes, including billing disputes and discharge notices.

Through eldercare.acl.gov · 1-800-677-1116

Bring these to any appointment

- Your completed budget worksheet
- Recent bank and investment statements
- Insurance cards and policies
- Military discharge papers (DD214)
- Power of attorney documents
- Any contract you've been asked to sign

We're here to help

Lilicity is a free directory of more than 57,000 senior living communities across the United States. If you have a question, or you'd like help finding communities that fit your needs and budget, reply to the email this guide came with.

Search communities, read our guides and print more worksheets at lilicity.com.



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