

# MOST AMERICANS THINK MEDICARE COVERS LONG-TERM CARE. ARE THEY RIGHT?

By: Daniel de Vise - July 6, 2025

Most Americans think Medicare covers long-term care, the regimen of daily help that many seniors will eventually require.

It does not.

That basic misunderstanding has retirement experts worried. It suggests millions of Americans may have no plan to cover the high costs of aging.

Long-term care is a range of services for people who need help with everyday activities, such as bathing, dressing or eating. More than 80% of us will need that help at some point, according to a recent study from the Center for Retirement Research at Boston College.

Americans are badly misinformed about the basics of long-term care, a point driven home in numerous surveys and studies. One of the latest, released in June by Nationwide, found that 58% of U.S. adults wrongly believe Medicare covers long-term care.

"Seventy percent of the people who reach 65 are going to need long-term care," said Holly Snyder, president of Nationwide Life Insurance. "And if you get there, people seem to think there are public safety nets that will take care of you."

## Long-term care costs can be staggering

Many seniors need long-term care for years. Costs can be staggering. The average assisted living facility charges \$5,350 a month, according to T. Rowe Price. A typical nursing home charges \$9,733.

Those prices should alarm older Americans. The problem, according to Snyder and others, is that many people assume Medicare will cover them.

"People just don't distinguish between long-term care and health care," said Gal Wettstein, a senior research economist at Boston College.

Some confusion is natural. Medicare, the federal health insurance program for seniors, does cover some short stays in nursing homes.

But Medicare generally does not cover longer stays. The reason: Most long-term care is not considered medical care.

"Someone to make sure Mom eats her food, takes her medicine and, when she wakes up, she doesn't walk out the door. That's custodial care," said Patrick Simasko, an elder law attorney in Michigan.

And here's where things get really confusing: While Medicare doesn't cover most long-term care, Medicaid does.

Medicaid, the government health insurance program for Americans of limited means, generally covers long-term care for seniors who spend down their assets. In fact, Medicaid is the nation's largest payer of long-term care.

Many Americans "confuse Medicare and Medicaid," Simasko said.

## Why don't more Americans have long-term care insurance?

The pervasive belief that Medicare covers long-term care may also help explain why so few Americans own long-term care insurance.

Long-term care insurance does just what the name implies: It covers costs of long-term care. Yet, by one industry estimate, only about 4% of older Americans hold policies.

Why do so few Americans purchase long-term care insurance?

"Because so many people think Medicare covers it," Wettstein said. "They don't want to buy a product that they think they already have."

The notion that Medicare covers long-term care is one of several prevalent misconceptions about the costs of aging.

In the Nationwide survey, 41% of respondents said they doubt they will live long enough to use long-term care insurance. In fact, most seniors will eventually need it. The Nationwide survey reached 1,324 adults, ages 29 and up, with household incomes of at least \$75,000.

Another survey, fielded in 2024 by the Employee Benefit Research Institute (EBRI), found that only 4 in 10 workers believed they would need long-term care.

In that survey, employees also vastly underestimated the costs of long-term care, with most believing the tab would not exceed \$50,000.

"There's been so much focus on saving for retirement, accumulation, but there's not much talk about addressing the risks associated with aging," said Bridget Bearden, research and development strategist at EBRI.

## Americans underestimate long-term care as a retirement risk

Many older Americans underestimate long-term care as a retirement risk. In a 2024 survey of affluent older Americans, Boston College researchers found long-term care ranked fifth among financial worries in retirement, behind stock market turbulence, Social Security cuts and other concerns.

Many Americans don't grasp the implications of tapping Medicaid to cover long-term care, Wettstein said. To qualify for the benefit, as a rule, you must spend all of your money.

"It's an insurance product that has 'everything you own' as a deductible," Wettstein said. "You have to spend everything

you own in order to use it."

Medicaid requirements yield a long-term care industry of haves and have-nots, according to Wettstein and others. Only affluent Americans can easily afford long-term care costs out of pocket. And only impoverished Americans get it for free.

"When you get old, you'd better have a lot of money, or you'd better be broke," Simasko said. "It's those in-between people who are having a hard time."

If this report has you worried about long-term care, here are a few expert tips.

## Consider long-term care insurance

Many Americans consider long-term care insurance prohibitively expensive, Snyder said.

In fact, long-term care policies come in many varieties. Costs rise and fall dramatically according to the dollar amount of the benefit, the length of care covered, and other variables.

A typical policy, providing a \$165,000 benefit for a single adult of 55, might cost \$950 a year for a man, \$1,500 for a woman, the National Council on Aging reports.

One big drawback to many traditional long-term care policies: You collect no money if you get no care.

But the industry is evolving. Under various "hybrid" policies, if you don't exhaust the long-term care benefits, they go to your beneficiaries when you die.

## Shop around for long-term care

Long-term care costs vary widely depending on where you live. Assisted living costs average \$8,093 a month in Albany, New York, but only \$4,600 in Boulder, Colorado, according to the National Council on Aging.

If you live in a high-cost city, look at prices in the suburbs or the next county. Consult a cost-of-care calculator. You could buy yourself more years of care.

"Find the best place for the best price," Simasko said.

## Meet with a retirement planner

Financial planners are trained to help people budget for all the potential costs of retirement, including long-term care. A retirement planner can help you unpack the complexities of long-term care and craft a plan to pay for it.

"It really is about talking to your financial professional," Snyder said.

Patrick Simasko, principal of Simasko Law, has dedicated his legal career to the practice of elder law. Over the past 20 years, he has helped hundreds of families plan for their futures, protect their assets and receive the financial and medical benefits available to them.

For more information, please call 586-468-6793 or visit [www.simaskolaw.com](http://www.simaskolaw.com)

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