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## What Insurance Covers Memory Care? A Detailed Look at Coverage and Options

12 minute read

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Dementia care costs can pile up quickly, whether your loved one requires a move to a memory care facility or receives care at home. Fortunately, some insurance plans may cover memory care expenses, depending on your loved one's policy coverage, health, and finances. Medicare doesn't cover the cost of room and board, but Medicaid may. However, Medicaid programs vary from state to state, so your loved one must meet strict criteria to qualify. Other options that help families pay for memory care include long-term care insurance, VA health care, but policies and eligibility

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### Key Takeaways

- 1. Insurance may cover memory care in some circumstances,** but it depends on policy coverage and your loved one's health and financial status.
- 2. Medicare and Medicaid are public insurance options** that both offer varying types of support to qualified individuals in certain circumstances.
- 3. Long-term care insurance, life insurance, and VA health care can help pay for memory care,** but policies and eligibility requirements vary.

## Is dementia covered by insurance?

Yes, most types of health insurance cover medical care costs related to Alzheimer's disease and other types of dementia. Medicare, Medicaid, VA health care benefits, and private health insurance policies typically provide some coverage for medically necessary care services such as:<sup>[01,02]</sup>

- Diagnostic testing to confirm cognitive decline
- Durable medical equipment, like wheelchairs or walkers
- Prescription medications

- Physical and occupational therapy

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Health insurance can help defray out-of-pocket health care costs for an aging loved one's care. However, Medicare and private health insurance policies don't cover long-term custodial care services provided in a loved one's home, such as [in-home dementia care](#), or in a senior living setting like a memory care facility. Custodial care generally consists of nonmedical services, such as assistance with activities of daily living, help with household duties, and general supervision.

Read more: [Memory Care vs. In-Home Care for Dementia: What's the Difference?](#)

## Types of insurance that cover memory care costs

[Memory care communities](#) are a type of senior living designed to help seniors with Alzheimer's disease or another type of dementia age safely. Prices of these communities can vary depending on amenities, location, and the level of care your loved one needs. Keep in mind that memory care services can sometimes be provided in other settings, such as assisted living facilities and smaller care homes.

Families can use a variety of resources to [pay for memory care facilities](#), including personal funds, retirement savings, long-term care insurance, VA health benefits, and health insurance such as Medicaid. Below, we'll explore several types of insurance and which memory care costs they cover.

### Medicaid

Medicaid may cover custodial memory care cost. A health insurance program jointly funded by state and federal governments, Medicaid is available to lower-income individuals who otherwise could not afford health care. Medicaid coverage and eligibility requirements

vary from state to state, and a senior must meet strict functional and financial criteria to enroll.

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Communities are Medicaid-approved.

If your loved one has late-stage dementia and requires 24-hour care, they may qualify for institutional long-term care through Medicaid. It covers residential stays in Medicaid-approved facilities designed to provide rehabilitation, skilled nursing, and long-term care.<sup>[03]</sup> In this situation, room and board, personal assistance, and nursing care costs are all covered by Medicaid.

### VA health care

Although VA health care isn't considered a health insurance plan, it's still a benefit that helps qualifying veterans cover health care costs. Eligible veterans who can't live alone due to physical or mental health conditions (such as dementia) may qualify for covered community residential care in medical foster homes, adult family homes, or assisted living facilities. The type of care provided in these settings may be comparable to what's provided in a memory care facility: 24/7 care and support provided by trained professionals.<sup>[04]</sup>

Depending on your loved one's qualifications and needs, they may be able to [use VA benefits to pay for dementia care](#) in other settings, too, including their own home, an adult day center, or a nursing home.

Read more: [The Benefits of Hospice in Memory Care Facilities](#)



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### Long-term care insurance

[Long-term care insurance](#) coverage varies from policy to policy but may cover a memory care facility. These specialized policies are designed to help pay for long-term custodial care provided in various settings.

However, long-term care insurance requires planning and preparation. Policies are medically underwritten, so an applicant must meet certain health criteria to qualify for coverage. If your loved one has already been diagnosed with dementia, they can no longer enroll in a policy.

In general, to be eligible for benefits, a policyholder has to either receive an official dementia diagnosis or be unable to perform at least two activities of daily living. They must also satisfy their policy's elimination or waiting period before it will begin paying for services. During this time, care must be paid for out of pocket.<sup>[05]</sup>

Keep in mind that long-term care insurance doesn't guarantee a fixed premium, and costs can increase enormously over time. Your loved one can experience financial hardship by paying for a policy they may never need to use. But if they don't enroll in long-term care insurance when they're still healthy, there may not be many options for care coverage should they need it in the future. It's always a good idea to speak with a financial advisor before enrolling.

### Life insurance

Life insurance doesn't cover memory care in the traditional sense. But in some cases, your loved one may be able to [use their life insurance policy to pay for memory care](#).

For example, a whole life insurance policy can be sold to a third party (known as a life settlement) for a lump-sum payment or various other payment options.<sup>[06]</sup> A policy may also be "surrendered" to the provider for cash value to free up funds for senior care. However,

selling or surrendering a policy often means death benefits are reduced or aren't paid at all

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## Planning for future dementia care

Whether your relative has an official dementia diagnosis or you're just exploring insurance policies to prepare for the future, it's good to understand the options available. Of course, other programs and insurance products can be used to pay for medical and long-term care costs. But most families should expect to supplement insurance and benefits with personal funds to cover room and board and custodial care in a memory care facility.

If you think a transition to memory care may be right for your loved one, or if you want to learn more about care options that fit your family's budget, reach out to one of A Place for Mom's [Senior Living Advisors](#). They can discuss memory care costs, communities in your area, and ways to pay for care — all at no cost to your family.

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