



The Case for Integrating Healthcare Services into Senior Living and Nursing Homes

Updated April 2020

The Case

- Senior living and nursing home residents have significant, complex needs
- They use a great deal of high cost healthcare services, such as inpatient hospital services and emergency room services
- About 30% in IL and AL are choosing to get Medicare coverage through the Medicare Advantage program (private insurance) which is increasingly acquiring capabilities to manage complex care populations
- These residential care settings offer tremendous value to managed care organizations particularly through setting efficiencies and services already being provided
- It's time for operators and investors to understand this value and leverage it to diversify revenue sources and drive referrals

Assisted Living Residents Have Intense Needs

Increasing levels of cognitive impairment and early functional decline characterize the independent living population while high levels of cognitive and functional impairment characterize the assisted living population

	Private Housing	Retirement Housing	Independent Living	Assisted Living	Nursing Home
Size of 65+ Medicare Population* (Share of 65+)	43.2 million (89%)	2.5 million (5%)	1.0 million (2%)	0.5 million (1%)	0.7 million (2%)
Share Ages 85+	11%	16%	45%	61%	49%
IADLs: Share 1+	23%	26%	40%	No Data	No Data
ADLs: Share 2+	4%	4%	8%	65%	92%
Share with Cognitive Impairment	13%	12%	21%	62%	76%

Residents Use High Levels of Expensive Healthcare

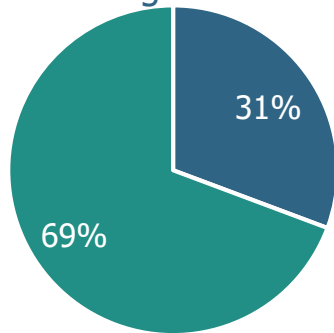
Compared to rates from integrated care programs:

	Private Housing	Retirement Housing	Independent Living	Assisted Living	Nursing Home	Juniper Assisted Living
Size of 65+ Medicare Population* (Share of 65+)	43.2 million (89%)	2.5 million (5%)	1.0 million (2%)	0.5 million (1%)	0.7 million (2%)	--
Inpatient Admissions (Events per person per year)	0.21	0.25	0.37	0.57	0.64	0.30
ER Visits (Events per person per year)	0.45	0.56	0.82	1.48	1.24	0.52
Annual Per Capita Medicare Spending (Part A&B)	\$8,674	\$12,934	\$13,358	\$18,416	\$23,316	--

Residents Enroll in Medicare Advantage at Only Slightly Lower Rates than Average

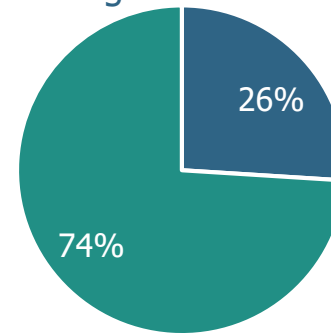
	Private Housing	Retirement Housing	Independent Living	Assisted Living	Nursing Home
Size of 65+ Medicare Population* (Share 65+)	43.2 million (89%)	2.5 million (5%)	1.0 million (2%)	0.5 million (1%)	0.7 million (2%)
Share White	78%	88%	91%	89%	81%
Average Income	\$62,782	\$51,532	\$56,871	N/A	N/A
Share <200% FPL	39%	41%	34%	N/A	N/A
Share with Medicaid	11%	14%	11%	30%	81%
Share with Medicare Advantage	34%	39%	31%	26%	26%

Coverage Arrangement of Independent Living Residents



■ Medicare Advantage ■ Traditional FFS

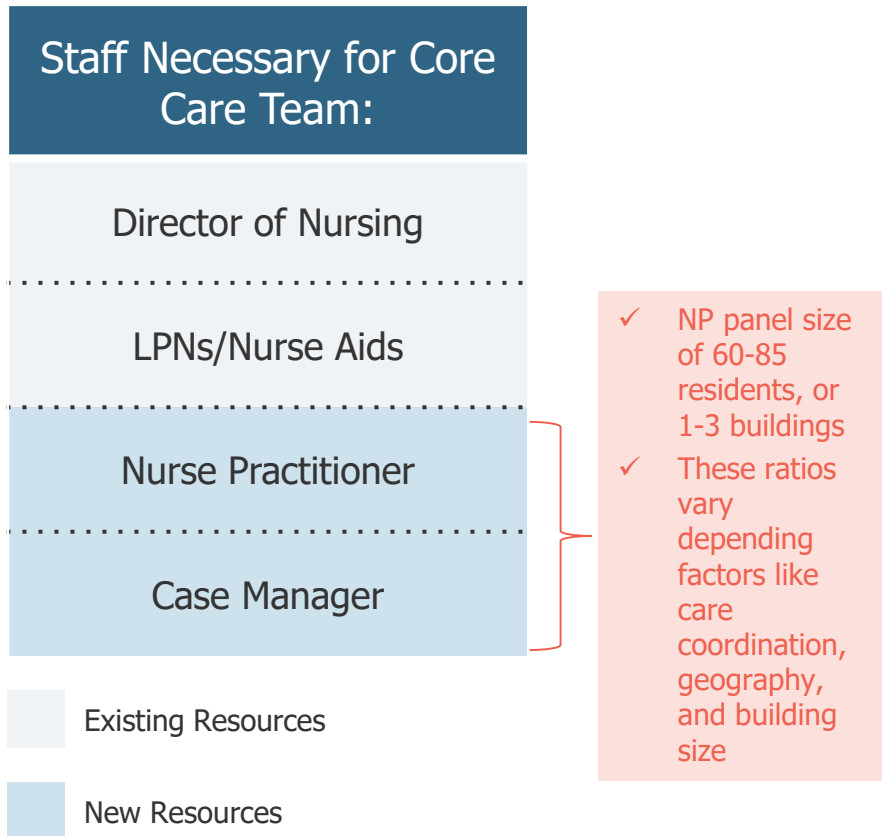
Coverage Arrangement of Assisted Living Residents



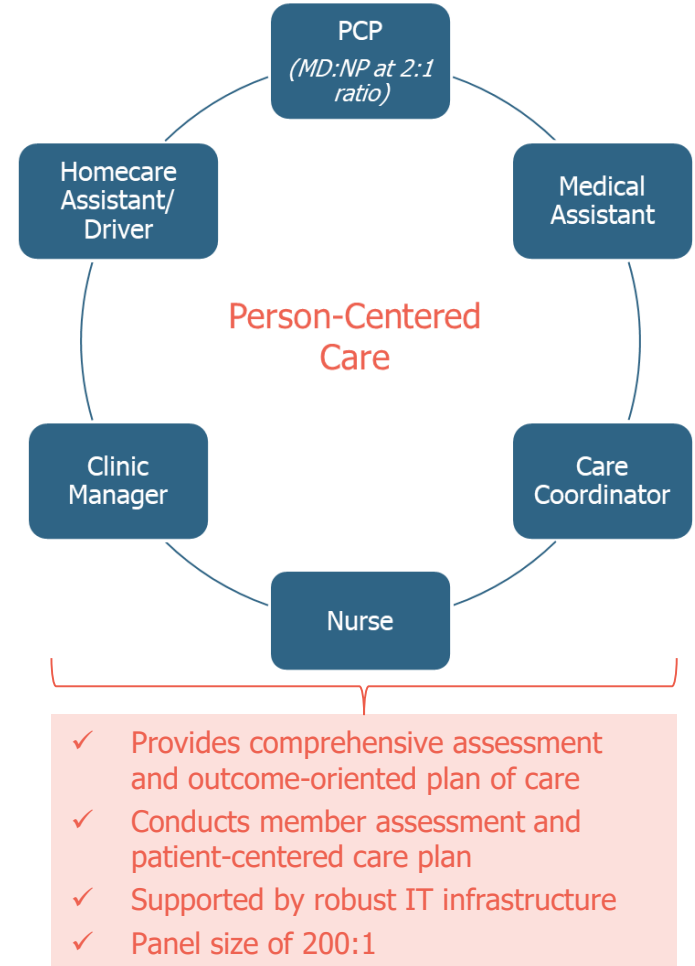
■ Medicare Advantage ■ Traditional FFS

Residential Settings Have Embedded Value

Resources for Managing Complex Care Population Living in Assisted Living/Nursing Homes

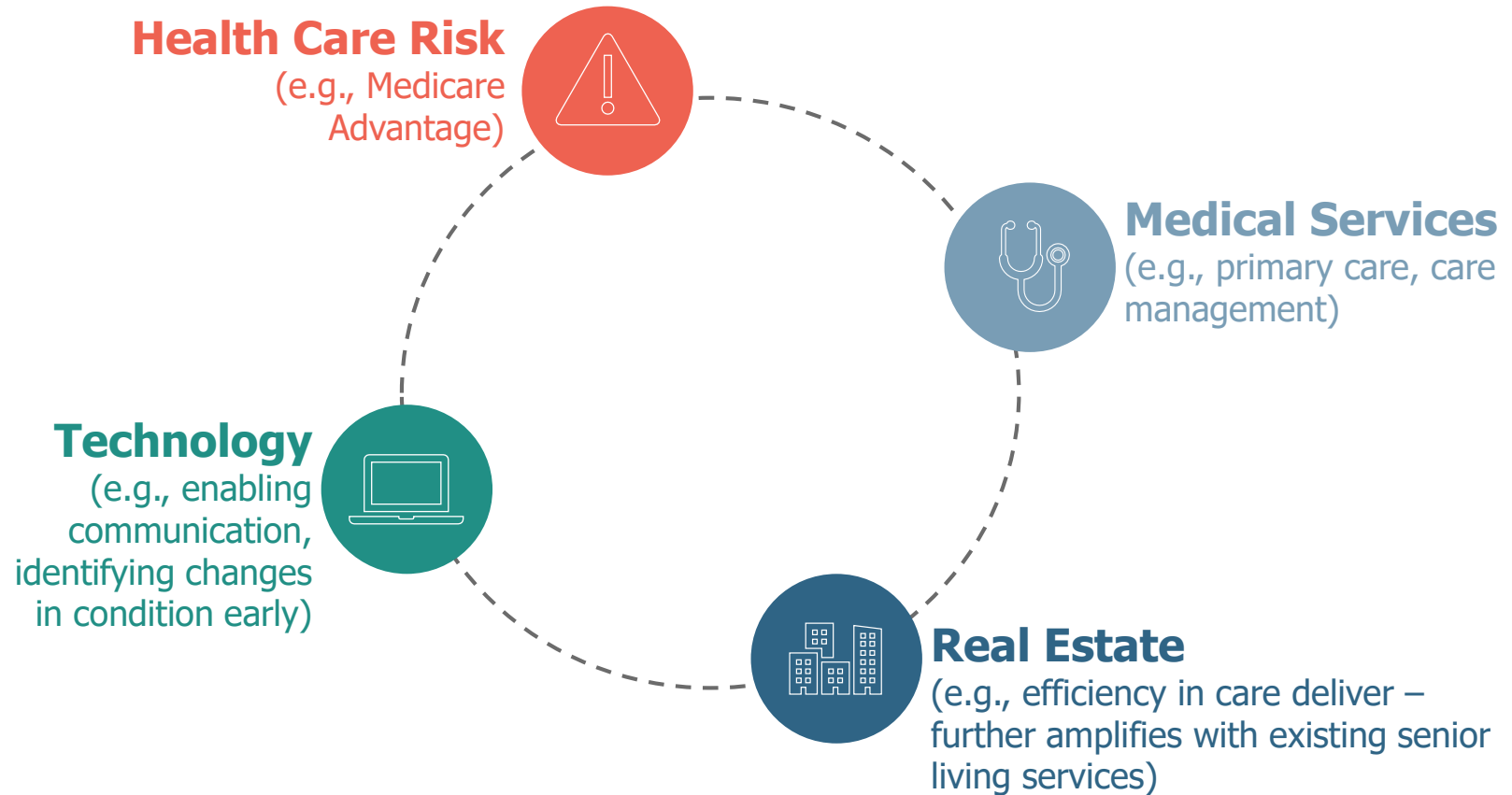


Resources for Managing Complex Care Population Living in Private Housing



The Value Equation

There's a range of options that spans from low to high additional investment for how you unlock this value



Big Trend: Integrating “Real Estate”, Medical Services, and Technology to Take Healthcare Risk



with access to



Humana Primary Care Clinics Boost Senior Patient Care Access

The payer-agnostic primary care centers will expand access to care by opening primary care centers for seniors on Medicare Advantage.

The Humana logo is displayed in white, lowercase, sans-serif font on a solid green rectangular background.

Methodology

Methodology Notes

Analytic Groups:

- Traditional Private Housing
- **Retirement Community:** A community for older adults that may offer recreation or transportation, but does not offer meals, housekeeping, or other more extensive assistance.
- **Independent Living:** A community for older adults that offers meals, housekeeping, laundry, and/or assistance with medications, but does not offer personal or nursing care.
- **Assisted Living:** A facility that offers help with activities of daily living (e.g., bathing, toileting), 24/7 supervision, and/or nursing care.
- **Nursing Home:** A facility with 1 or more beds that are Medicare/Medicaid certified or licensed nursing home beds.

Excluded:

- People under age 65
- Individuals who lived in an assisted living facility or nursing home for less than 6 months
- Respondents indicating they live in low-income seniors housing

Methodology Notes Continued

- ATI Advisory produced the data in this presentation.
- This analysis uses the 2017 Medicare Current Beneficiary Survey (MCBS). Data on utilization and spending is limited to Traditional Fee-for-Service Medicare enrollees.
- This analysis is limited to Medicare beneficiaries age 65 and older and includes individuals who died during the study year. Residents of low-income seniors housing communities are excluded, as are people who lived in an assisted living or nursing home facility for fewer than 6 months.
- **Instrumental Activities of Daily Living (IADLs)** were defined as (1) using the telephone, (2) light housework, (3) heavy housework, (4) meal preparation, (5) shopping, and (6) managing money.
- **Activities of Daily Living (ADLs)** were defined as (1) eating, (2) bathing or showering, (3) dressing, (4) getting in and out of bed or a chair (transferring), (5) using the toilet, and (6) walking across the room.

For more information, contact info@atiadvisory.com.