

special issue

# brief



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## ASSISTED LIVING:

An Important Option for Providing LTSS in the Community

**asha**  
American Seniors Housing  
**ASSOCIATION**

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IDEAS TO ACTION IN HEALTHCARE & AGING



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# ASSISTED LIVING:

## An Important Option for Providing LTSS in the Community

### INTRODUCTION

For many older adults, aging is accompanied by cognitive and/or physical decline that requires caregiving supports for everyday activities like bathing, dressing, meal preparation, and managing medications or finances. These supports, often referred to as long-term services and supports (LTSS), can be provided in the home and community, or alternatively, in an institutional setting. Within the community, older adults may choose to live in non-institutional residential settings that provide or arrange for home and community-based services (HCBS) on site. In most communities, there are a variety of residential communities – referred to as seniors housing with services – that exist on a continuum. In the seniors housing with services settings, HCBS providers and programs offer an amount and set of HCBS appropriate to an individual’s level of care need (Figure 1).

**Figure 1. Continuum of Seniors Housing with Services and LTSS Settings of Care<sup>1</sup>**



\*May include housekeeping, meal, chore, socialization, recreation via HCBS

\*\*May include support with I/ADLs

<sup>1</sup> I/ADLs refers to instrumental activities of daily living (IADL) and activities of daily living (ADL). IADLs are activities that involve complex thinking and organizational skills, such as managing finances or preparing meals. ADLs are activities that involve physical functions such as walking, feeding, and bathing.

## Home and Community-based Services and Assisted Living

HCBS include a broad array of services that help an individual with functional and/or cognitive impairment live safely at home and in the community. These services are intended to be person-centered and culturally responsive and include supports such as personal care assistance with activities of daily living (ADLs) (e.g., dressing and bathing), as well as additional services such as homemaker and chore services, financial and legal services, transportation, and home-delivered and congregate meals.

Assisted Living is an important part of the HCBS settings continuum but tends to be misunderstood by policymakers, often confused with nursing facilities given its congregate nature and the functional needs of residents. Unlike nursing facilities and institutional settings however, Assisted Living does not provide intensive medical care or nursing services. These communities also offer a level of independence, socialization, and amenities that are not typical of nursing facilities.

Like other community-based settings, Assisted Living communities include personal assistance, meals, social activities, housekeeping, transportation to appointments and personal enrichment programs, and other core HCBS, in a maintenance-free living environment. While remaining in one's home is the ideal and preferred approach for many older adults, those with functional and cognitive needs may not be suited to remain in their traditional home with only periodic assistance and limited opportunities for social engagement. For these individuals, Assisted Living offers a community-based solution in a residential home setting.



### WHAT SETTINGS ARE CONSIDERED COMMUNITY-BASED?

In 2014, Congress and the Centers for Medicare & Medicaid Services (CMS) released the *HCBS Settings Rule*<sup>2</sup> with the goal to “maximize the opportunities for participants in HCBS programs to have access to the benefits of community living and to receive services in the most integrated setting...” The requirements below are necessary for provider-owned or similar congregate settings (such as an Assisted Living provider) to be considered community-based.

#### THE SETTING:

- > Must be physically accessible
- > Is integrated in and supports full access to the greater community
- > Is selected by the individual from among setting options
- > Ensures individual rights of privacy, dignity and respect, and freedom from coercion and restraint
- > Optimizes autonomy and independence in making life choices
- > Facilitates choice regarding services and who provides them

#### INDIVIDUALS MUST HAVE:

- > A lease or other legally enforceable agreement providing similar protections
- > Privacy in their unit, including lockable doors, choice of roommates and freedom to furnish or decorate the unit<sup>3</sup>
- > The right to visitors at any time (subject to other regulatory guidelines)

<sup>2</sup> <https://www.medicaid.gov/sites/default/files/2019-12/hcbs-setting-fact-sheet.pdf>.

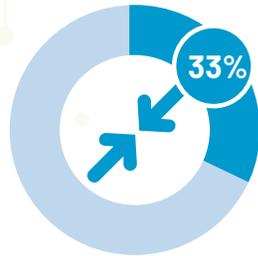
<sup>3</sup> Certain exceptions are available for settings serving individuals with unsafe wandering or exit-seeking behavior (e.g., dementia), such as controlled egress. See *FAQs concerning Medicaid Beneficiaries in Home and Community-Based Settings who Exhibit Unsafe Wandering or Exit-Seeking Behavior*. CMS, December 15, 2016.

## Assisted Living Residents Have Complex Needs

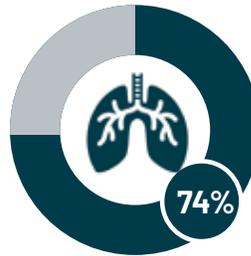
Based on analysis of the Medicare Current Beneficiary Survey (MCBS), 600,000 older adults lived in Assisted Living communities nationwide in 2018. These individuals tend to be older than the general older adult Medicare population. The average Assisted Living resident is 85 years old compared with 74 years old for older adult Medicare beneficiaries in traditional private housing, and 13% of Assisted Living residents are aged 95 and older. Residents in Assisted Living also tend to have complex medical and functional needs that benefit from HCBS (Figure 2).

**Figure 2. Characteristics of Assisted Living (AL) Residents<sup>4</sup>**

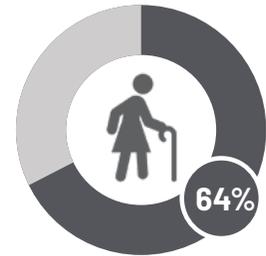
**33% of AL Residents are Dually Eligible for Medicaid**



**74% of AL Residents have 4+ Chronic Conditions**



**64% of AL Residents Need Help with 2 or more ADLs**



## Who Pays for Assisted Living?

The large majority of Assisted Living costs are paid for privately, with 80% of the total annual costs covered through private pay, on average (Figure 3). While state Medicaid programs may cover services provided in Assisted Living settings, Medicaid comprises a smaller portion of total Assisted Living payments, at 16% annually.<sup>4</sup>

Assisted Living can be a critically important setting for individuals with Medicaid coverage. Nationwide there are 1.4 million dual eligible beneficiaries aged 65 and older who need assistance with two or more ADLs, and among these individuals, 10 percent live in Assisted Living communities.<sup>4</sup> However, Medicaid eligibility for and access to Assisted Living varies greatly by state. This variation in eligibility and coverage can result in limited access to the full range of settings that meet the unique needs of frail, older adults. The consequence of this variation can be unmet need in traditional private housing or long-term residence in a nursing facility, at costs that can be considerably higher for a state Medicaid program, when an individual could otherwise be served in the community.

**Figure 3. Assisted Living Payers**



<sup>4</sup> ATI Advisory analysis of the 2018 Medicare Current Beneficiary Survey (MCBS). Findings are limited to Medicare beneficiaries aged 65 and older, residing in an Assisted Living for at least six months. The analysis does not include Medicare beneficiaries under age 65 residing in Assisted Living nor does it capture Assisted Living residents without Medicare coverage. The National Investment Center (NIC) has estimated total Assisted Living units at 717,000, and an additional 247,000 Memory Care units nationwide (NIC Investment Guide: *Investing in Seniors Housing & Care Properties, Sixth Edition*).

## Moving Forward: Recognizing Assisted Living in Medicaid HCBS Infrastructure

Assisted Living is an important setting along the continuum of community-based LTSS options, and state and federal policymakers should ensure this setting is a part of the broader conversation on appropriate rebalancing of LTSS. Assisted Living can be particularly meaningful for older adults with functional and cognitive frailty who need higher-touch support with activities of daily living but who can live safely and independently in the community.

Policy goals that are singularly focused on keeping seniors at home to the exclusion of other residential care settings may overlook the significant benefits offered in senior living settings. For some individuals, the home may not be the safest or most appropriate setting. For example, research has shown that prolonged social isolation, lack of engagement, and loneliness can contribute to functional and cognitive decline, as well as depression and anxiety in older adults.<sup>5</sup> Assisted living communities mitigate loneliness through opportunities such as communal dining and onsite programming to engage residents in socially and emotionally meaningful activities.



### IMMEDIATE OPPORTUNITIES

As Congress considers expansion of the Medicaid HCBS programs under the Biden caregiving infrastructure proposals, policymakers should ensure that Assisted Living communities continue to be included as eligible settings for participation.

Additionally, CMS and state Medicaid agencies should ensure that Assisted Living communities are included in the temporary 10-point federal matching assistance percentage (FMAP) increase being provided for Medicaid HCBS as part of the American Rescue Plan Act of 2021.<sup>6</sup> This “COVID-19 Stimulus Package” is intended to provide economic recovery on the heels of the COVID-19 pandemic. Assisted living operators’ costs have grown dramatically during the COVID-19 pandemic due to increased need for personal protective equipment and sanitizing supplies, as well as additional staffing costs to provide training, “hero pay,” and the use of agency staff to cover those employees ill with the virus. Further, Assisted Living occupancy hit a historic low in 2021 at 75.5% occupancy, due to the impact of COVID-19 greatly reducing move-ins coupled with relatively normal (and in some cases increased) resident attrition.<sup>7</sup>

CMS could facilitate the inclusion of Assisted Living communities in the deployment of the temporary FMAP increase by issuing guidance to states about this important setting.

<sup>5</sup> National Academy of Sciences, Engineering, and Medicine, 2020. *Social Isolation and Loneliness in Older Adults: Opportunities for the Health Care System*. Washington, DC: The National Academies Press.

<sup>6</sup> The American Rescue Plan Act, signed in March 2021, increases Medicaid’s federal matching rate (FMAP) for HCBS by 10 percentage points for one year starting in April 2021. States must use the increased federal funds to supplement their current spending on HCBS and to enhance, expand, or strengthen their HCBS programs.

<sup>7</sup> National Investment Center for Seniors Housing & Care.



## LONGER-TERM CONSIDERATION

The Center for Medicare and Medicaid Innovation (CMMI) should test opportunities for Assisted Living to improve care and lower costs for Medicare beneficiaries with complex and LTSS needs, including dual eligible and Medicare-only populations. This could include a pilot program to evaluate the role of Assisted Living as a home-based setting that reduces hospital and emergency department utilization, or as part of the shift of acute care services to the home via CMS Hospital at Home models, insofar as these remain post-COVID-19.<sup>8</sup>

Additionally, state Medicaid programs that currently do not cover Assisted Living or allow it as a setting for HCBS should include Assisted Living as an eligible Medicaid benefit. Assisted Living offers a unique, home-like setting for individuals who may not have sufficient support in traditional private housing and would otherwise be limited to an institutional setting.

Assisted Living is an often-unrecognized part of the HCBS infrastructure for frail elders. These communities are more than just a home for hundreds of thousands of older adults; they offer recreation and socialization opportunities as well as critical functional supports to help prevent an individual from declining into a more complex, institutional level of need. As policymakers continue the focus on rebalancing LTSS into home and community-based settings, Assisted Living should be part of that conversation.

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### About This Work

This study is part of a broader effort to quantify and detail the demographics and experiences of older Medicare beneficiaries living across a spectrum of housing options. ATI Advisory, in partnership with the American Seniors Housing Association (ASHA), evaluated survey responses and claims data for Medicare beneficiaries included in the 2018 Medicare Current Beneficiary Survey (MCBS). The MCBS is an annually fielded, nationally representative survey commissioned by the Centers for Medicare and Medicaid Services (CMS). Sample data were weighted to reflect the Medicare population.

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<sup>8</sup> For example see <https://www.cms.gov/newsroom/press-releases/cms-announces-comprehensive-strategy-enhance-hospital-capacity-amid-covid-19-surge>.



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