Assisted Livin

PHOTOCOPY
PRESERVATION

Clinton Presidential Records
Digital Records Marker

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies the place of a publication.

Publications have not been scanned in their entirety for the purpose of digitization. To see the full publication please search online or visit the Clinton Presidential Library's Research Room.

Assisted Living

Guide & Checklist

The new housing and healthcare alternative combining independence with personal care in a warm dignified community setting

ALFA

ASSISTED LIVING FEDERATION OF AMERICA

In its current state of development, assisted living is a Cadillac: nice to have but affordable to a relative few. Unlike a Cadillac, though, assisted living is more than "nice to have;" it is becoming a necessity for many elderly Americans who are, nevertheless, unable to afford it. Aging but still living independently, in need of support services but a long way from needing skilled care, they are natural customers for assisted living. Is gaining access to it beyond hope for them?

Fortunately, the answer is "no." There are financial instruments available that can help developers reach and serve this vast market-in-waiting. For nursing homes willing to step up to the challenges involved, there are some excellent opportunities.

ASSISTED LIVING

Moving its availability down the income scale

by David C. Nolan

Let me start with a cautionary word, however. The programs I am discussing are aimed specifically at the truly low-income elderly, i.e., those with annual incomes of around $15,000 or less. Since private pay assisted living generally requires a minimum annual income of $25,000 to afford the $1,500-$3,000 monthly charges, there is a "falling-between-the-cracks" group in the $15,000-$25,000 income category. Affordability for them will remain a problem unless the developer can exercise some ingenuity. Perhaps there might be endowments or bequests; perhaps services can be priced in "bands" or packages, available to be selected *a la carte*. Some sponsors (though they don't talk about it much for obvious reasons) charge the well-to-do a bit more in order to give less well-favored clientele a price break. None of these are easy answers, but—at least in my view—an effort ought to be made. Ideally, assisted living should be available to everyone, as needed.

That said, one can make it affordable for the relatively low-income elderly. This becomes possible because the initial investment, and all the debt charges accrued to it, can in effect be cut in half. The primary instrument for this is Section 42 of the Internal Revenue Code—the low-income housing tax credit.

This is a Federal program managed by the states. Essentially, the developer—whether for-profit or nonprofit—applies to the state for tax credits which it can sell to corporations that have significant tax liabilities. The corporations do not purchase these dollar-for-dollar—a corporation buying, say, $1 million in tax credits might pay $650,000 for them—but it adds up to not only an excellent deal for the corporation, but provides equity for the developer.

The resulting debt savings must be plowed back into unit rental rates at a fraction of market value. One of our projects in Southern Illinois, for instance, charges rentals of $250-$300 a month for units having market rates three times as high. The housing is thus affordable for the developer and the tenant alike.

But where does assisted living come in—the "services" in "housing with services"? Again, ingenuity and knowledge of the local possibilities come in. Since these programs only finance housing, services, including health care, must be charged for separate from rent. Here is where HCFA's recent generosity with state Medicaid waivers—there are 22 in effect at the moment—becomes important. The ideal situation today, and one that we focus on in most of the 24 projects we have underway, is a Medicaid home- and community-based waiver allowing financing of health care services in this setting.

States have used these waivers in a variety of ways—some providing an exceptionally comprehensive array of services that allow seniors to age in place and remain in assisted living despite great frailty, others offering only minimal reimbursement for a "light" package of services and requiring transfer to a nursing facility at the onset of frailty.

Financing affordable assisted living still has its difficulties, obviously, but there is hope: many states are about to be hit with a huge "freight train" of elderly in need of this level of care, and their choice will be either to build more nursing homes—which won't work economically—or to find other ways to fund health care for this population. States moving in the latter direction—and that's an increasing number—will be creating many new opportunities along the way for developers of affordable assisted living. Stay tuned.

For those would-be developers attempting to proceed today, there are further resources available. The HOME Program, established under the National Affordable Housing Act of 1990, provides funding to states and localities to develop affordable housing for low- and very low-income people. Assisted living developers have also been known to use funding from Community Development Block Grants (sponsored by the Department of Housing and Urban Development) in localities where the CDBG allows for this option. To get more information and check on availability of these programs, state housing authorities and local governments should be contacted. A word of caution, however: sorting through the many regulations involved with these programs will require expert advice from attorneys or banks with experience in tax equity funding. Choose carefully, because in all honesty, these are "shark-infested waters," and some charge more for their "expertise" than it's worth. Still another helpful resource for non-profits is the booklet "How to Work With Your State Housing Finance Agency," put out by the American Association of Homes and Services for the Aging.

Aside from accessing tax equity instruments and public funding, there are other ways for assisted living developers to reduce the cost of project indebtedness. Nursing homes may find an economy by simply combining such high-volume areas as dietary and laundry for use jointly by the nursing home and the assisted living facility. Nursing homes may find that their existing equipment in these areas is capable of handling added capacity with only minimal added investment and declining incremental costs. Another cost-saving approach that our company has adopted is to utilize a basic template for assisted living design—a so-called architectural "kit of parts" providing a layout of residential and common spaces in standardized "neighborhoods" that can still be modified somewhat to meet the needs of local sponsors and communities. Another excellent idea for cost-efficiency is the "universal worker" concept, in which staff are cross-trained to perform duties both in the skilled care and assisted living settings and are urged away from the "job box" mentality.

This last recommendation points up the special challenge nursing homes face in moving toward assisted living at any level. It is a very different approach to care, and is not simply a matter of "adding a wing" to the skilled nursing facility. Skilled care is "hands on;" assisted living is "hands off, unless needed." Skilled care facilities are required, by law, to "do everything;" assisted living caregivers must step back and allow residents to do for themselves to the extent possible. Staff requires an altogether different mindset.

Whether or not this difficult challenge is addressed successfully depends, in the last analysis, on facility leadership—on whether leaders can understand and accept the assisted living philosophy and can instill understanding and enthusiasm in their caregiving and marketing staffs. After years of living in a government-regulated world, and a world of ever-intensifying resident acuity, nursing homes' ability to make this adjustment can by no means be assumed.

Make it they must, however, before they can begin to explore the opportunities that await in creating and expanding the affordability of assisted living. **NH**

David C. Nolan is Vice President of the National Cooperative Bank (NCB) Development Corporation, with offices in San Francisco and Washington, DC, a national nonprofit lender that focuses exclusively on nonprofit organizations providing services to low- and moderate-income populations, and co-sponsor with the Robert Wood Johnson Foundation of the "Coming Home Program," aimed at expanding affordable assisted living. For further information, call 415-834-6984.

A Model Of Affordable Assisted Living

Developers venture into mid- to lower-income market as high end gets crowded.

DAVID NOLAN
AND JOHN RIMBACH

Assisted living has moved from concept to reality in nearly every major metropolitan area of this country. Developers have rushed to build this housing-and-service option predominantly for seniors with moderate to high incomes.

Monthly fees in assisted living facilities can range from $1,800 a month to $5,000 a month, pushing assisted living out of the reach of seniors with modest or low incomes. This means, absent additional financial support, a senior typically needs $25,000 or more in annual income to afford today's monthly fees for assisted living.

Majority In Lower-Level Market

Of the 10.2 million senior households (where at least one resident is 75 years of age or older) in the United States, 65 percent (6.6 million households) make less than $25,000 a year, meaning that two-thirds of the senior population in this country is unable to afford assisted living. Though a few states like Oregon have created a regulatory and reimbursement environment that supports both the housing and service needs of low-income (Medicaid-eligible) seniors in assisted living, most states are reluctant to use Medicaid dollars to support the rent portion of assisted living.

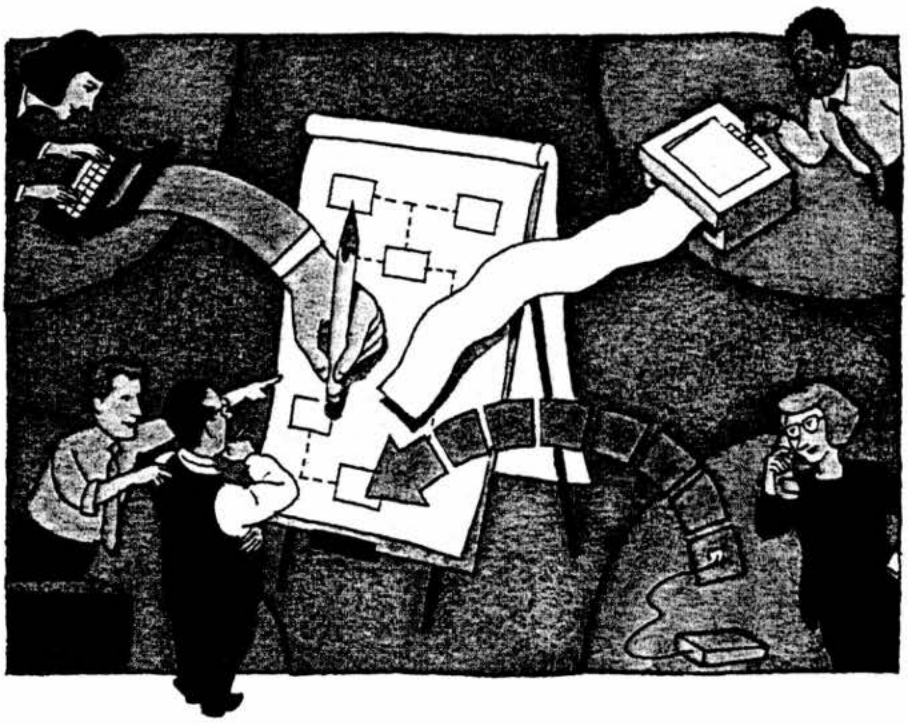
While developers are focusing on the upper tier of the assisted living market, at some point the market will be saturated. Though the profit that can be realized from the low-income market may be smaller, it still exists and is worth pursuing.

In 1994, the Robert Wood Johnson Foundation, a large health care foundation, and NCB Development Corp., a national lender that focuses exclusively on nonprofit organizations providing services to low- and moderate-income populations, created a replicable and affordable model of assisted living with a focus on smaller communities. This effort, called the Coming Home Program, provides risk capital and development, financial, and operational technical assistance to qualified sponsors. Sponsors usually are nonprofit organizations such as hospitals, providers of senior housing or services, or other organizations that might bring value or experience to an assisted living project. Coming Home helps put together a development team that includes the sponsor, the architect, Coming Home staff, and other relevant entities or individuals.

Coming Home has 24 projects in development in seven states: Illinois, Iowa, Oklahoma, Oregon, California, Colorado, and North Dakota.

How The Program Works

Coming Home's affordable assisted living projects are aimed at seniors with very low incomes (Medicaid-eligible) up through seniors who are stuck in the middle—possessing sufficient income to cover their existing expenses while healthy, but not enough to pay for market-rate assisted living. To call an assisted living project affordable, most units should be available to seniors who are at or below 80 percent of the area median income.



Coming Home maintains that affordability must not be achieved through double occupancy, substandard quality of care, low wages, or choosing only low-

income seniors with minimal or nonexistent care needs. Additionally, the quality of care and accommodations provided to low-income residents may not differ from that provided to market-rate residents. Nor may providers create affordability by relying heavily on cost shifting—charging higher fees to market-rate residents to subsidize the rent and services provided to low-income residents.

The fee charged to residents in assisted living facilities is a combination of rent and services. The rent charged for a unit in an assisted living facility is directly related to:

- The cost of development (land purchase, construction costs, architectural fees, financing charges, and development fees);
- Equity—the amount of debt, created by development costs, that is owed;
- Monthly expenses related to maintaining the physical structure and surrounding property; and
- Anticipated vacancy on a monthly basis.

Development Costs

In some cases, Coming Home can reduce development costs by partnering with a local health care provider, such as a hospital or nursing facility, and building next to the existing facility. Particularly in rural areas, hospital and nursing facility sponsors often have excess land or are able to purchase sufficient adjacent land at a reasonable price. These sponsors may have excess capacity in their kitchen and laundry operations, allowing the assisted living facility to contribute incrementally for increased usage to produce meals and provide flat linen services without having to incur the cost of building new kitchen and laundry facilities.

As these assisted living properties are typically small, usually 40 units or fewer, it can be more cost-effective to purchase needed services such as marketing, payroll, and human resources from the neighboring health care provider. Local health care sponsorship also ties the assisted living residence directly into the main community referral base, particularly in the case of rural hospitals, to help reduce marketing costs, increase credibility, and provide a steady stream of referrals.

Coming Home projects further reduce development costs through national purchasing contracts and by using a national project architect and a standardized architectural design that can be adapted to the geographic, climatic, and aesthetic needs of each community.

Increase Equity, Reduce Debt

A large part of achieving affordability comes through reducing the amount of conventional debt that needs to be supported by rental income. The program uses financing structures that reduce conventional debt by making use of federal, state, and local capital-based programs set up to support and encourage affordable housing development.

For example, the tax credit afforded by Section 42 of the Internal Revenue Code (IRC) has played an increasingly dominant role in the development of all types of rental housing in the United States and can be of real benefit in creating affordable assisted living residences.

Although it is a federal program, the tax credit is administered at the state level. Each state legislature has designated a housing credit agency to administer the state's program, and each state is allowed an annual credit ceiling of $1.25 per capita. From the total ceiling amount available, the designated state agency allocates credits on a competitive basis to projects that comply with IRC Section 42 and additional criteria established by the state allocating agency.

When a project sponsor receives a tax credit allowance for an affordable housing project, the tax credits are typically "sold" to a tax credit buyer, generally a syndicator, direct corporate investor, or group of individual investors. The investor can gain a reduction in tax liability, while the project sponsor can use the proceeds generated from the sale to produce 40 to 50 percent of the capital needed for a project. This tax credit equity—together with construction and permanent financing and additional forms of "soft" financing, such as other federal, state, and local loans and grants—is used to finance project development. Simply put, the assisted living residence is able to reduce rents because it has more equity in the project.

A building financed with tax-exempt, private activity bonds typically does not require a credit allocation from the state allocating agency. Many affordable housing providers today are looking at this method of financing because although their project will receive fewer credits, they can be obtained through a noncompetitive process.

Other Programs Can Help

Another resource for building affordable assisted living communities is the HOME program established under the National Affordable Housing Act of 1990, which provides funding to eligible states, local governments, and community housing development organizations for the purpose of developing affordable housing for persons with low and very low incomes.

In addition, the Department of Housing and Urban Development's community development block grant (CDBG) program can be used in conjunction with both tax credits and HOME funds to provide modest amounts of gap financing for affordable housing projects. CDBG funds, in the form of either grants or loans, are predominantly targeted at economic development, which includes affordable housing to benefit citizens of low to moderate incomes.

Whereas the amount of tax credits and HOME funds are targeted to the number of affordable units, CDBG funds, particularly in rural areas, are often tied to new job creation. Affordable assisted living projects can obtain these funds through the local municipality.

All of these affordable housing programs have the potential to be adapted for affordable assisted living. Additionally, many states have programs that provide some low-interest loans that encourage the development of affordable housing. All of these programs, however, are very competitive and have regulations that are not totally compatible with each other. Therefore, it is important for providers to

seek technical assistance when taking advantage of these valuable resources.

Finding Assistance For Services

On the service side, there are a number of federal, state, and local programs that can be used to provide reimbursement for the provision of health, personal, and social services to seniors in an assisted living setting. Coming Home has focused its efforts on working in states that are contemplating the use of Medicaid dollars through a home- and community-based waiver and other state funds to support seniors in noninstitutional environments.

Medicaid is the primary funder of long term care services for low-income seniors. Most of these funds are used to pay for care in nursing facilities. Over the past 20 years, Medicaid has allocated more funds for home- and community-based services intended to support frail seniors in their own homes and apartments to delay or prevent early or inappropriate nursing facility placement. Many states are using or anticipate using these same Medicaid dollars to provide services to frail seniors in assisted living housing in order to reduce the state's long term care expenditures and help frail seniors to live in environments that are more appropriate for their care needs.

Providers Can Make It Work

Coming Home creates affordable assisted living by using government-based housing and service programs. This scenario is not without problems. These programs suffer from regulations that are not interrelated. Funding restraints, fragmented delivery systems, excess competition for dollars, and differing state and local agendas on how public dollars should be spent exacerbate the problem. This type of system also presents difficulties in serving the very low-income senior, because that senior must have enough income to pay for the housing portion, usually $250 to $400 a month.

Despite the difficulty, providers have the opportunity to create a rare benefit for low-income seniors by bringing all of these programs together to create an environment that equals the living environment in market-rate assisted living residences, one that will serve those whose means are modest and whose goals are simply to live out their years as independently as they are able. Assisted living is based on the merits of choice, autonomy, privacy, independence, dignity, and respect. These basic elements of life are no less important to low-income seniors. ■

David Nolan and John Rimbach are vice presidents of NCB Development Corp. in San Francisco.

CDC

Administration On Aging AoA

National Study of Assisted Living for the Frail Elderly Going Into The Field

The U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation (ASPE) is sponsoring a study of assisted living. AoA and the National Institute on Aging, as well as the Alzheimer's Association, have also provided financial support for the study.

This study follows ASPE's previous study on the effect of regulation onboard and care homes. Like the Board and Care study, this assisted living study is being conducted by Research Triangle Institute (RTI) and Myers Research Institute and is led by Catherine Hawes. In June and July, RTI will be contacting the administrators of several hundred assisted living facilities in 34 states and asking them to participate in the study, and in July, August and September, RTI field interviewers will be visiting these facilities and interviewing the administrators or residentcare coordinators, as well as about 800 staff and more than 2000 residents. For cognitively impaired residents, we will conduct a telephone survey of family members to ask about their experiences and views on the quality of care and life experienced by their loved ones.And finally, next Spring, we will follow-up on the residents (or their next-of-kin) interviewing those who have left or been discharged from the assisted living facility to determine the reason(s) they "exited".

We have notified the state licensing agency about the study, but we also wanted ombudsmen to know, in case they received any calls from administrators or residents. If you do receive any calls and need more information to respond to the resident or facility operator, please call Michelle Major at RTI at (800) 334-8571. If you simply want information about the study, there will probably be a session at the annual NCCNHR meeting this fall. You can also access a description of the basic study design and summaries of the reports we have completed -- or order the full reports on the DHHS/ASPE home page. You can also order the reports from the Board and Care study at the same Internet address.The address is: http://aspe.os.dhhs.gov (under the section for Disability,Aging and Long-Term Care, under the topic of residential care settings or under available reports).

- Go to Top
- Go to AoA Home Page
- Go to Aging Network Menu
- Go to Aging Practitioner Menu
- Go to What's New
- Go to Site Index

Hypertext conversion by Saadia Greenberg -- last modified 07/23/98 12:33:54

AoA (132) 271-2455 Jill Wilkenson

Testimony of the National Center for Assisted Living Presented to the IOM Committee on Improving Quality in Long Term Care

March 12, 1998, Washington, D.C.

The National Center for Assisted Living (NCAL) appreciates the opportunity to testify today before the Institute of Medicine's Committee on Improving Quality in Long Term Care about quality in the assisted living setting. NCAL is the assisted living arm of the American Health Care Association and is a distinct organization that represents 1,600 non-profit and proprietary assisted living facilities across the country. NCAL is committed to fostering growth in assisted living and ensuring that people have access to quality assisted living services by supporting responsible public policies, providing professional education and development services, and by being an information resource for the public and media.

A Profile of Assisted Living

Based on a Scandinavian model for senior living, assisted living first emerged in America during the mid-1980s. The concept of assisted living is still new enough that the businesses that offer it and the states that license it do not agree on a precise definition or name for assisted living. Throughout the United States, assisted living is known by more than 25 different names. Some of the most common are "residential care," "personal care," "congregate care" and "board and care."

The absence of a common definition for assisted living makes it difficult to pinpoint the number of residences in the United States. Past studies put the range between 40,000 and 65,000 residences, housing up to one million people. However, recent analyses by NCAL indicate that the number of assisted living residences is probably closer to 25,000, and that there are approximately 800,000 people living in those residences.

Assisted living combines housing, personal services and light medical or nursing care in an environment that promotes maximum individual independence, privacy and choice. While assisted living residents may be too frail to live alone, they typically are too healthy to need most of the nursing services provided in a nursing facility. Assisted living residents share the risks and responsibilities for their daily activities and well-being with a residence staff geared toward helping them enjoy the freedom and independence of private living.

The Genesis of the Long Term Care Continuum

Not all that long ago, the long term care continuum essentially consisted of one service -- the nursing home. In the last 10 years we have seen a tremendous diversification of services with the rapid growth of assisted living, home care, and adult day care as consumers have sought services that precisely match their personal and health care needs. That diversification has meant that people have had more options from which to choose than in the past. It has also increased the ability of nursing homes to concentrate on caring for the oldest and sickest people in our society and to move into new areas such as subacute care. This evolution of long term care is continuing at a rapid pace.

The Assisted Living Philosophy

The philosophy of assisted living is to provide or arrange for supervision, assistance,

and limited health care services to relatively healthy senior citizens when needed. Residents can receive help with an array of personal activities, including: eating, dressing, bathing, transferring and toileting, as well as meal preparation, laundry, housekeeping, recreation and transportation. While assisted living residences usually do not provide 24-hour skilled nursing care, help with daily tasks may include the supervision or administration of medication by a qualified staff person. Frequently, health care services are delivered as part of a facility's "wellness program" for residents.

The philosophy also emphasizes the right of the individual to choose the setting for care and services. NCAL believes residents' rights should include the right to:

· Privacy

· Be treated at all times with dignity and respect

· Control personal finances

· Retain and have use of personal possessions

· Interact freely with others both within the home and in the community

· Practice religion or abstain from religious practice

· Control receipt of health-related services

· Be free from abuse and neglect

Assisted Living Services

Assisted living services can be provided in free-standing facilities, near to or integrated with skilled nursing facilities, as components of continuing care retirement communities, or at independent housing complexes. Residents typically can choose furnished or unfurnished studio or one-bedroom units with a private or semi-private bathroom. Living units can also be shared with another individual. Assisted living residences can range from a high-rise apartment building to a three-story home.

The number of units in assisted living residences varies widely as do the range of services that are offered. However, some generalizations can be made. Assisted living residences typically offer:

· 24-hour protective oversight and emergency response system

· Three meals a day plus snacks in a group dining room

· The provision and/or coordination of a range of services that promote resident quality of life, including:

· Personal care, such as help with eating, bathing, dressing, and toileting

· Limited health care

· Provision and/or coordination of required social services

· Supervision and oversight for persons with cognitive disabilities

· Social and religious activities

· Exercise and educational activities

· Transportation

· Laundry and linen service

· Housekeeping and maintenance

The number and type of staff employed by assisted living residences varies greatly and depends on a number of factors, including state regulations, the number of people living in the residence and residents' service requirements. Assisted living residences employ staff members directly or contract for services with outside providers. A residence staff may include: personal care attendants, nurses, activities coordinators, food service managers, administrators and maintenance personnel. Contract services frequently include: podiatrists, nutritionists, physical therapists, beauticians and physicians.

Assisted Living Residents

The "typical" assisted living resident is an 82-year-old woman who is mobile, but needs assistance with one or two personal activities. Although most elderly assisted living residents are female, due to women's longer life expectancies, 29 percent are male. The "average" age of elderly residents, women and men combined, is 82 years according to a 1996 NCAL survey. NCAL would like to submit a copy of those survey findings for the official Committee meeting record.

That survey also found that while nearly one-third (31 percent) of all residents needed no help taking care of their own personal activities, others did in varying degrees. On average, assisted living residents needed help with 1.6 common personal activities. The table below provides additional details on the common activities with which assisted living residents need help.

Personal Activities	Independent	Some Help	Dependent
Bathing	34%	49%	17%
Dressing	58%	30%	12%
Transferring	78%	15%	7%
Toiletting	84%	10%	6%
Eating	88%	8%	4%

NCAL's survey also found a full 65 percent of assisted living residents needed or accepted help with housework, while 49 percent needed or accepted help with their daily medication. Residents arrive from a variety of settings, according to the NCAL survey, with most residents moving to facilities from their homes. The following is a detailed list of where residents lived prior to moving into the assisted living setting:

· 59 percent moved from their homes

· 14 percent came from a nursing facility

· 11 percent came from another assisted living residence

· 11 percent came from hospitals

· 5 percent came from other settings

Conversely, as needs change, elderly people leave assisted living residences. The NCAL survey found that a majority of residents left their assisted living homes because they needed a higher level of medical care. The survey found that:

· 14 percent returned to their homes

· 45 percent went to a nursing facility

· 12 percent went to another assisted living residence

· 11 percent went to a hospital

· 16 percent died

· 3 percent went to other settings

Assisted Living Financing

Costs for assisted living residences vary greatly and depend on the size of units, services provided and location. NCAL's latest survey found that 52 percent of all assisted living facilities charge between $1,001 and $2,000 in average monthly rent and fees. Another 20 percent charge between $2,001 and $3,000 and 4 percent charge more than $3,000 each month. A full 24 percent charge less than $1,000, with less than 1 percent charging under $500 per month.

About 90 percent of assisted living services are paid for with private funds, making the assisted living industry highly sensitive to economic forces. The Supplementary Security Income, Older Americans Act, and Social Services Block Grant programs pay for some assisted living services, while about 25 states allow the federal Medicaid program to pay for some service components. We fully anticipate Medicaid and other public programs will have a greater role in assisted living financing in coming years as the industry matures.

NCAL believes that people should have access to assisted living services regardless of whether they have the means to pay for the services themselves. To that end, NCAL supports public policies that allow people to have the resources necessary to access long term care services and the right to choose where they receive those services. NCAL also believes that states that opt to include assisted living as part of their Medicaid programs have a moral responsibility to ensure that they adequately support facilities at levels that ensure the delivery of quality services will not be jeopardized.

Other payers will also play a greater role in financing long term care in the future. Increasingly, assisted living is included as a covered benefit in long term care insurance policies. While managed care still plays a limited role in assisted living, there will be a greater reliance on assisted living to provide services to people covered by managed care plans that include long term care coverage. Currently, about 5 percent of assisted living residents pay for at least some of the services they receive through managed care programs according to NCAL's 1996 survey.

Government Oversight of Assisted Living

State governments regulate the assisted living industry primarily through licensure and certification laws. Assisted living regulations vary widely across the nation but

generally cover issues such as the physical setting, services, staffing, staff training, and resident admission criteria. Some states have very strict guidelines on who may live in an assisted living facility, while other states are more flexible and allow residents to "age in place" for longer periods of time. Without a doubt, there has been a marked increase in the volume of proposed assisted living laws and regulations as policymakers attempt to define and refine assisted living's role in meeting the long term care needs of a growing number of elderly.

Unfortunately, most states have approached the monitoring of quality in assisted living in the same way that they approach the regulation of nursing facilities -- that being a detailed, non-outcome oriented process-laden system. As the assisted living community has learned from the long nursing home experience, focusing on prescriptive requirements and annual inspections will never serve as a good measure of quality. A sporadic and detailed regulatory approach to measuring and ensuring quality is outdated and inherently lacks the focus that is needed on the individual assisted living resident and resident autonomy. That focus on the individual is the foundation of the assisted living philosophy. Indeed, it is consumers who have been driving the popularity of assisted living, not government programs, regulations or funding.

The Focus on the Individual

These factors are important to recognize if we are to create a system that promotes quality long term care services in the assisted living environment. As a whole, long term care is far more sophisticated than it was in 1987. Medical advancements, gerontological research and technological advancements have given providers powerful new tools, ideas and means for serving the elderly. Today, we have the knowledge and the technology to identify and track those resident characteristics that demonstrate whether quality services are being provided by a facility. This data, coupled with customer satisfaction survey results, can tell regulators, providers and consumers more about quality of care than any traditional survey checklist could ever could provide. Why? Because good outcomes and customer satisfaction require a facility to actually deliver quality services rather than be good at going through the motions of delivering quality care and services.

One of assisted living's greatest strengths is its ability to constantly mold and shape itself to fit the needs of the individual customer. Regulations, by their very nature, are designed to achieve conformity and maintain the status quo. In some instances, such as fire safety codes, regulatory conformity is not only desired, but essential and should be maintained. We believe the potential consequences of failing to meet certain set standards are simply too dire to even consider measuring. However, in an industry that's designed to allow people to live as independently as possible the way they would live their lives in their own homes, it becomes apparent that a "one size fits all" approach to delivering services or regulating such an industry becomes difficult, if not impossible. Further, a regulatory environment that values strict regulatory conformity above individual choice and autonomy directly counters the very heart of the assisted living philosophy.

Ensuring Quality in Assisted Living

NCAL strongly believes placing assisted living on a parallel regulatory track with nursing homes would be a mistake. Such a regulatory model ~~would stifle the very~~ spirit that led to the creation of assisted living. Instead, a quality assurance system for assisted living that focuses on customer satisfaction and actual outcomes should be ~~designed and built.~~ Such a system could be utilized by providers, consumers and government to ensure that quality services and care are being maintained. More importantly, such a system would better serve the interests of the assisted living customer by providing him or her with powerful input into the quality evaluation

process and the delivery of services.

Customer Satisfaction

NCAL already has accomplished much in the area of customer satisfaction measurement in the assisted living setting. In 1996, NCAL, working with the Gallup Organization and the University of Wisconsin, conducted research and developed and tested a customer satisfaction assessment questionnaire. We would like to submit a copy of this questionnaire for the meeting record.

As part of our research and questionnaire development, we learned a great deal about what satisfies assisted living customers. Our research identified many key satisfiers in several areas such as management, resident's rights, facility structure, staffing, and assistance with transition upon moving into a residence. From our research we built a questionnaire designed to measure those factors that residents deem important to the sense of satisfaction and well being. Thousands of copies of that instrument have been distributed free of charge and are being used by assisted living facilities nationwide.

We believe that customer satisfaction measurement must be at the root of any system designed to measure quality in the assisted living setting.

Outcome Indicators

Beyond customer satisfaction, any quality measurement system must also include measurement of actual performance. To be able to measure performance, certain data about each resident must be obtained, tracked and updated. From this data, quality indicators can be identified and utilized to track the outcomes of the care and services being provided by a facility. The benefit to such an approach from a facility operations standpoint is that problems can be quickly identified and fixed. More importantly, a facility can use this data as part of its continuous quality improvement program. This data gives facilities the ability to measure their performance over a period of time and identify trends. Individual facility data could also be included in a network of data from facilities across the country which would facilities to see how their performance compares to other facilities in their community, state, or nationwide.

Development of Assisted Living Quality Indicators

The American Health Care Association already has created a system for nursing homes that utilizes such an approach. While outcome indicators for assisted living facilities will likely be very different than those used for nursing homes, the framework for developing such a measurement system has been designed, tested and implemented.

However, there will be challenges in developing an outcome measurement system for assisted living. First, we will need to identify that data -- those essential resident characteristics -- that should be tracked to develop quality indicators. Nursing homes were able to utilize the Minimum Data Set (MDS) as a basis for identifying clinical indicators. At present, there is no counterpart in the assisted living setting, although some research is being done in the area. In addition, the state of Maine has begun using a MDS instrument for assisted living. Another challenge is to develop quality indicators that are flexible enough to recognize the various levels of services that are being provided by assisted living facilities across the country. Regardless of these challenges to developing quality measures and indicators for the assisted living setting, NCAL is committed to working with the industry to see that such a tool for ensuring quality is developed and available for use.

A Model for the Future Regulation of Assisted Living

Regulation Model

We believe that oversight of assisted living facilities, regardless of funding sources, belongs at the state level at this time. The industry is still relatively young and has not yet grown to its full potential. We also believe that the marketplace is the best guiding force for developing the industry. The assisted living landscape -- indeed the entire long term care continuum -- is in a stage of flux as managed care influences, the growing demand for long term care services and societal changes reshape the long term care world.

Given the fluid nature of long term care, states should retain the responsibility to set guidelines for assisted living facilities in areas such as physical plant, staffing and programming so that each state can craft a wide array of services that fit within their overall long term care plans and programs. In addition, we believe it is important for states to recognize that not all assisted living facilities are the same and that facilities serving special populations, such as people with Alzheimer's disease, need the ability to build and create living environments that differ from those that are designed to serve people without such conditions.

State Monitoring of Quality

Outcome indicators and customer satisfaction data have been proven to be powerful tools in assuring quality in long term care facilities. But they also have tremendous potential at the state level for monitoring quality in facilities. States should use these measures in lieu of traditional survey processes. Rather than focusing on annual checklist inspections, states would be able to attain regular reports about a facility's performance throughout the year. Further, the information that they would use to evaluate facilities will shed far more light on how a facility is performing than any state survey could hope to deliver. ★

① monitor & advisor

We believe there is merit to the concept of separating the state's monitoring role into two distinct functions. The first role is one of monitor and advisor. In this capacity, the state would oversee the performance of facilities by monitoring outcome indicators and customer satisfaction data. When performance data indicate that a problem exists or may be developing, the state can work with the facility to precisely identify that problem and formulate a solution. The state's role as advisor would be to review facility plans to correct a problem and to make recommendations or share "best practices" guidance with facility staff. The common goal of both provider and regulator should be quality care and services. We believe that creating a structure that allows both regulator and provider to work together to achieve this common goal will help ensure consistent quality and benefit the assisted living resident. States should also explore incentives for their best performers to recognize excellence in the assisted living field.

② enforcement

Clearly, the state has a duty and responsibility to ensure the well-being of residents living in state licensed facilities. There are instances when the state does need a stick to ensure that a facility is living up to its responsibility to provide quality services. While such instances are likely to be rare, this second role of the state is one of enforcer. However, state regulatory staff responsible for enforcement should not be the same staff with advisory and monitoring responsibilities. It is important to avoid the commingling of these responsibilities if these two necessary functions are to operate in the manner in which they are intended. Despite these separate responsibilities, clear and open lines of communication are necessary if such a two-tiered system is to work efficiently and effectively.

Other Uses of Performance Measures

managed care more likely to rely more heavily on ALF

Another compelling reason to utilize outcome indicators and customer satisfaction for assisted living is managed care. Managed care is likely to rely more heavily on

assisted living in the future. Given this likelihood, it is logical to build a system that measures performance in terms that managed care can use. It continues to be very unlikely that any managed care entity is going to enter into a relationship with an assisted living facility simply because that facility did well on a state survey. Why? Because it is recognized that such a survey tells very little about how well a facility delivers care or how satisfied people are with a facility's services -- two vital concerns of managed care entities.

The Assisted Living Quality Coalition

As the Committee may be aware, a coalition of providers and consumers was formed in 1996 to work on the development of guidelines for state regulation of assisted living and to develop a system for ensuring quality in the assisted living environment. In addition to NCAL, the members of that Coalition include the American Seniors Housing Association, the American Association of Homes and Services for the Aging, the Assisted Living Federation of America, the Alzheimer's Association and the American Association of Retired Persons. As you can imagine, with such an eclectic group there have been some rather colorful discussions in the last two years. And while the Coalition continues its work, many of the concepts described in our testimony today are consistent with the approach that the Coalition is currently taking.

NCAL
ASHA
AAHSFA
ALFA
federation
Alzheimer's Ass.
AARP

Recommendations to the Institute of Medicine

Per the Committee's request, NCAL offers the following recommendations:

· Recognize that assisted living is different from nursing facilities in design, purpose, and philosophy.

· Avoid "cookbook" regulations and enforcement structures that fail to recognize the needs of the individual and importance assisted living places on autonomy.

· Retain state responsibility for regulating assisted living regardless of payer source.

· Encourage the identification, support, and promotion of assisted living models that work.

· Recognize the need for regulatory and program flexibility for facilities that serve special populations such as persons with dementia or Alzheimer's.

· Recommend and support research in the development of quality indicators for use by assisted living facilities that take into consideration quality of life and hospitality factors.

· Support implementation of a national network of quality indicator data that can be used by providers, state governments and other parties to measure performance.

· Recommend that programs that are designed to serve the poor such as Medicaid be required to provide the resources necessary to deliver quality assisted living services.

· Support the education of physicians and other health care practitioners to build a broader understanding of how assisted living can meet the long term care needs of the elderly and other individuals.

NCAL appreciates the opportunity to testify today and will be pleased to provide the Institute of Medicine Committee on Improving Quality in Long Term Care with any assistance and information it needs as it continues its study.