



Assisted Living in the LTCI World

THE ELEVENTH ANNUAL INTERCOMPANY LONG TERM CARE INSURANCE CONFERENCE

ILTCl



Agenda

- **Introductions**

Mary Lou McGuinness RN, MS, Long Term Care Partners

- **Overview of Assisted Living in 2011**

Maribeth Bersani, SVP Public Policy, ALFA

- **Adjudicating the ALF Claims**

Allison Kusel, Compliance Mgr, Claims Operations, Genworth Financial

- **Questions and Answers**



Overview Of Assisted Living

Maribeth Bersani
SVP Public Policy

Assisted Living Federation of America (ALFA)

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Agenda

- Resident and Community Profile
- State Legislative Update
- Federal Landscape
- Future opportunities and threats



What is ALFA

- Creating the Future of Senior Living
- Influences Public Policy in all 50 states and Capitol Hill
- Serves as the voice of senior living to lawmakers, regulators, media and public
- Facilitates the development and sharing of best practices for operational excellence
- Resource for Consumers looking for help
- www.alfa.org



Background

- Professionally managed assisted living-communities with 25 + residents
- Mom and Pop – smaller communities
- Total -approximately 36,000 assisted living communities serving 1 million residents
- Approximately 131,000 residents receiving Medicaid



Assisted Living Resident Profile

Data from 2009 Overview of Assisted Living

- Average Age at Move in: 84.6 years
- Average Age of Resident: 86.9 years
- Average Income: \$27,260
- Average Assets (w/home): \$431,020
- 73.6% Female, 26.4% Male
- 76.6% Widowed



Who Makes the Decision? Who Pays?

- 22% of residents made the decision to move independently; 49% partially involved; others made the decision 25% of the time
- **82% Private Pay:**
 - 66% of Residents pay for care
 - 10.6% of families pay for care
 - LTC Insurance 6.1%
- **Medicaid 12.7%**



Activities of Daily Living (ADL)

- Bathing 64%
- Dressing 39%
- Toileting 26%
- Transfer 19%
- Eating 12%
- 31% Bladder Incontinent
- 54% use walking device
- 22% use wheelchair



Resident Care Needs

- 81% need help with medications:
- Average resident takes 9.9 meds daily:
7.6 prescriptions and 2.3 OTCs
- More than 1/3 of the residents have a diagnosis of Alzheimer's or another dementia



Prior Residence (90 days prior)

- Private home/apartment 70%
 - Nursing home 9%
 - Retirement/IL 9%
 - Family residence 7%
 - Different AL or group home 5%
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- 62% moved within 10 miles of their previous residence.
 - 50% moved within 5 miles of previous residence
 - 80% have a relative within 25 miles



Residents Moving Out

- Average Length of stay is 28.3 months
- 46.8% move out for health reasons
- 6% move out for financial reasons
- 33% of residents die in the community



Residents Move To:

- Nursing home 59%
- Home /relative home 13%
- Another AL 11%
- Hospital (other than short term) 7%
- Independent Living 4%
- Hospice 2%
- Other 4%



Profile of the Assisted Living Provider

- 97% conduct physical assessment
- 94% prepare care plan
- 97% conduct CBC on every employee
- Virtually all have smoke detectors in resident rooms/common areas
- 97% sprinklers in resident rooms/common areas
- 92 % of communities arrange for/provide hospice care



Cost of Assisted Living

- Average monthly cost \$3,022 (single)
- Average monthly cost dementia care \$4,200
- Assisted Living is 1/3 – 1/2 less expensive than skilled nursing care



ALFA's Public Policy Positions

Support State Oversight

- Philosophy of Assisted Living
- Licensure of Assisted Living
- Consumer Disclosure
- Informed Choice
- Hospice
- Resident Rights
- Resident Assessments and Individualized Service Plans
- Staff Requirements
- Pre-Employment Requirements
- Staff Training
- Medication Management
- Staff Qualifications
- Physical Plant
- Disaster Planning
- Certificate of Need
- Negotiated Risk Agreements



Licensure of Assisted Living

- Assisted Living is licensed /certified in all 50 states
- State regulations vary but many similarities- philosophy of choice, independence, dignity
- There is a state regulatory agency that licenses/ completes inspections/cites deficiencies etc
- 32 + states use the term Assisted Living
- Others use- personal care homes, residential care facilities for the elderly, adult homes etc



Unique State Models

- Connecticut
- Minnesota
- Building not licensed but the assisted living care is licensed



- Unlicensed assisted living- less than 4 beds
- Small providers- under radar screen
- Many serving Medicaid population
- Some states “register”



Independent Living and Home care

- Consumers do have a right to live in the setting of their choice and receive home care
- NORCs, CCRCs, Condos, Retirement Communities
- Olmstead – right to receive care in the least restrictive setting
- ADA, Fair Housing
- Threshold; Provider must give resident choice for home care provider



ALFA Supports Informed Choice

- Resident can live and die in assisted living if Resident/Family, Provider, Physician all agree needs can be met
- Hospice
- Falls
- Two person transfers



State Trends

- Regulators going above statutory authority
- Hospice discharges
- Fire Marshal concerns
- Administration of medications for cognitively impaired
- Elder abuse, criminal background checks, sex offenders, staff and residents
- Safe dispensing and disposal of unused medications
- Medical Marijuana



2011 Federal Public Policy Priorities

- 1 **Keep Regulatory Oversight at the State Level**
- 2 **Community Living Assistance Services and Support CLASS ACT**
- 3 **Employee Free Choice Act (EFCA)**
- 4 **Arbitration**
- 5 **Silver Alert**
- 6 **Money Follows the Person**
CMS Rules: AL considered a “Home and Community Based Service”
- 7 **Dispensing & Disposing of Medication**



Where is the Industry Going?

- Refocus on mission, purpose
- Challenging times not all bad- mean Occupancy 89.2%
- Streamline expenses/no salary increases
- Focus on Creativity and Innovation
- Need driven care such as Alzheimer's strong 90.4% mean occupancy median 97%
- Stable compassionate work force



It's 2020 do you know who your resident's are?

- 54 million Americans will be over 65
- 23 million will be over 75
- 7.3 million will be over 85
- First baby boomers age 74
- Obesity and diabetes may age boomers faster
- Number of frail adults 65+ will increase from 11% to 13.6%



It's 2020 do you know who your resident's are?

- Today 5 million people in the US have dementia
- Treated population of those with dementia will increase from 2.2 million to 3.5 million
- Parkinson's will increase from 650,000 to 900,000
- 50 % of boomers will be divorced
- Number of never married will increase from 4% to 6%
- 10.4% of the population will be disabled by 2020



Future Threats

- 48 states facing deficits
- Cut back on licensing staff, inspection visits
- Runaway regulators and regulations without statutory authority
- Business threats such as EFCA and Arbitration
- Organized labor and trial attorneys



Future Promises

- Innovation through technology
- Emerging markets
- Affordable assisted living

Affordable Assisted Living





Death of Ageism

- 20 years ago Seniors had few choices for LTC
- Institutional Bias
- Ageism Rampant
- Quality of Life for frail seniors was poor
- Pioneers started a movement on east and west coasts

Funny or Ageism?

*Remember how we used to laugh
at old people when we were younger?*



What was so damn funny?



Adjudicating the ALF

Allison Kusel

Genworth Financial

Long Term Care Claims Compliance

- I. Is the Facility covered?
- II. Is the Care covered?
- III. What Expenses are covered?



I. Is the Facility covered

Policy Requirements

- Nursing Home Benefit Only Policies
 - Can the policy cover some Assisted Living Facilities?

- Assisted Living Facility Benefits
 - What types of facilities do these cover
 - Policy definition requirements
 - Licensure
 - 24 hour a day care
 - # beds
 - Care levels (ADL, IADL, supervision)
 - Meals
 - Staff training and availability
 - Medication supervision or distribution
 - State regulations



I. Is the Facility covered

Steps to determining a covered ALF

- Review the requirements for a covered facility in the policy
- Obtain licensure and detailed information from the facility to assist in review for coverage

Tools

- Forms with questions regarding specific requirements of policy
- License
- Telephonic interview with facility staff
- Onsite assessment information
- Websites- research regulations, receive updates on changes
 - Lexis
 - Wolters Kluwer
 - State websites: CA, NY



I. Is the Facility covered

Two common reasons facility is not covered:

- Independent Living
 - Continuing Care Retirement Communities
- unlicensed facilities- not required by state; budget issues create backlog in issuance

How to handle non-covered facilities?

- “Modern” interpretation of policy definition
- Treat as “Home”, and provide home care benefits



II. Is the Care covered

Two questions: Is the Insured benefit eligible & who is providing the care?

(1) Is the Insured benefit eligible?

Steps:

- Review eligibility requirements of the policy
- Obtain detailed information about the Insured's medical condition and the actual care received

Tools:

- Obtain onsite assessment interview
- Obtain care notes and Plan of Care
- Telephonic discussion with care providers

Issues:

- Healthy spouse
- Stable environment



II. Is the Care covered

(2) Who is providing the care?

- Standard: care provided by the facility staff
- Care provided by an outside agency
 - Only care offered
 - Choice by insured
- Care provided by family member- only services from ALF is room and board.
- No care being provided



III. What Expenses are covered

- What qualified Long Term Care Services are covered by the policy?
 - Obtain detailed invoices to validate services provided
 - Room, board, care costs
 - LTC Services would not include cable television expenses, guest meals, spouse's expenses, some amenities of luxury ALF
- Equipment benefit/ modifications to apartment
- CCRCs
 - Entrance fees
 - “Free” days