



ARGENTUM
EXPANDING SENIOR LIVING

The Value of Assisted Living for America

ABOUT ARGENTUM

Argentum is the leading national association exclusively dedicated to supporting companies operating professionally managed, resident-centered senior living communities and the older adults and families they serve. Since 1990, Argentum has advocated for choice, independence, dignity, and quality of life for all older adults. Argentum member companies operate senior living communities offering assisted living, independent living, continuing care, and memory care services. Along with its state partners, Argentum's membership represents approximately 75 percent of the senior living industry—an industry with a national economic impact of nearly a quarter of a trillion dollars and responsible for providing over 1.6 million jobs. These numbers will continue to grow as the U.S. population ages. Argentum's programs and initiatives are driven by its membership. For more information about joining Argentum, please visit [argentum.org/membership](https://www.argentum.org/membership). Learn more at [argentum.org](https://www.argentum.org).

EXECUTIVE SUMMARY

The United States is on the precipice of a seismic shift that will transform our population from an aging population to an *aged* population. Today, 17 percent of Americans—or 55.7 million people—are 65 and older, a 38 percent increase since 2010. By 2040, 22 percent—or 80.8 million Americans—are projected to be 65 and older, more than twice as many as in 2000. By 2060, nearly one in four Americans will be 65 years and older.

The most rapidly aging segment of the population are seniors aged 85 and older, and it is these individuals who will need the greatest and most direct care. In fact, the 85 and older population is projected to more than double from 6.7 million in 2020 to 14.4 million in 2040—a 117 percent increase.

Since most older Americans have at least one chronic condition, an estimated 70 percent will need some form of long-term care in their lifetimes and more than half will need a high level of care. That is, they will need a caregiver.

For the money, assisted living provides more of what matters when it comes to helping seniors stay as healthy, happy, and independent as possible. Today, roughly 2 million Americans reside in more than 30,000 assisted living communities across the country. More than 90 percent of seniors in assisted living communities reported “good or great satisfaction” with their community. Additionally, 96 percent reported their communities provided sufficient health care and access to care, nearly 75 percent said assisted living improved their quality of life, and 70 percent indicated their health outlook improved as result of the care they receive.

Often confused with far-costlier nursing homes, assisted living offers lower costs, improved quality of life, better health outcomes, and reduced health care costs. Because assisted living costs significantly less than nursing homes or home health settings, it protects vital social safety net programs. If assisted living were not an option, as many as 61% of senior residents may be forced into far-costlier skilled nursing facilities at a cost of \$43.4 billion. This additional cost would cripple state and federal Medicaid budgets.

As the need for senior care broadly, and assisted living specifically, continues its dramatic growth, the current and future workforce is simply not keeping pace. The senior living industry lost more than 100,000 positions in the first 20 months of the pandemic. While other health care sectors are closer to returning to pre-pandemic employment, the senior living workforce is at its lowest levels since May 2015. As a result, 96 percent of senior communities are facing staff shortages and 61 percent are concerned that staffing shortages might force them to close.

Today, there is a shortage of nearly 500,000 senior caregivers and that number will only continue to grow. In fact, by 2040, the U.S. will need more than 20 million new workers to care for our nation’s seniors. If Congress does not act, the shortage will increase by millions more. Policymakers at all levels of government should pursue policies to address the senior care crisis and find cost-effective solutions to meet the challenges of our rapidly aging population.

The assisted living model of care is one that makes sense from a quality-of-life perspective and a fiscal perspective.

PART I: THE CHALLENGE

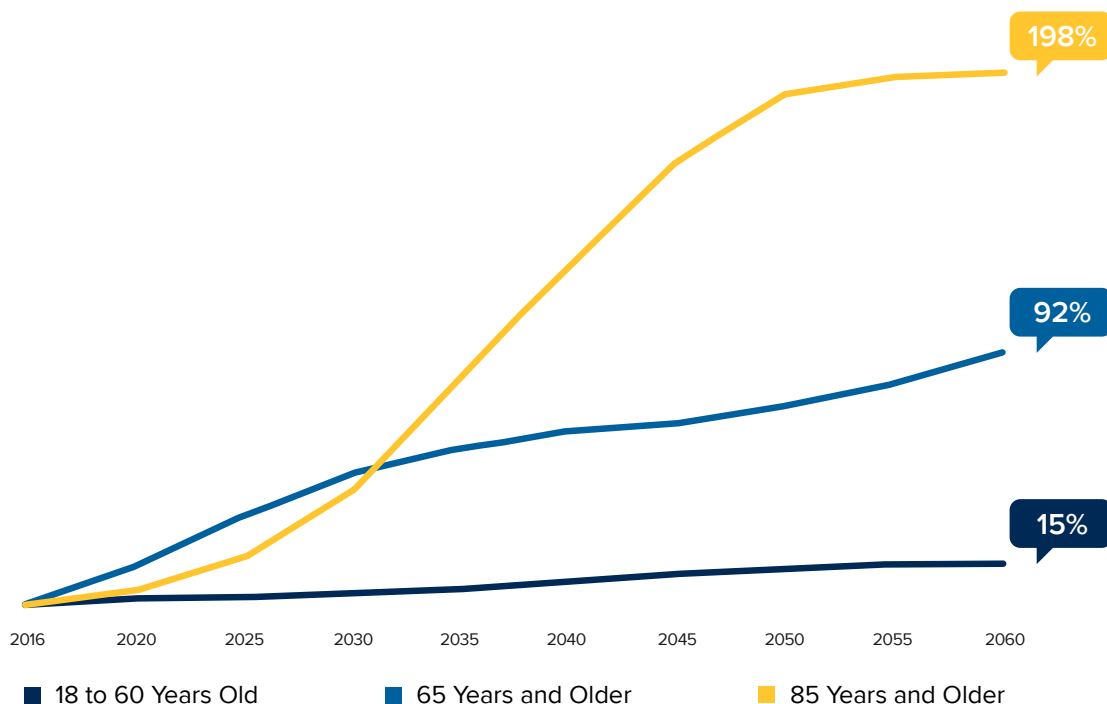
The U.S. population is aging rapidly, creating urgent challenges for public policy

THE 40-YEAR OUTLOOK

A seismic demographic shift is underway that will transform the U.S. from an aging society to an aged society.

- Each day 10,000 Americans turn 65¹, and estimates are that up to 70% will need some form of long-term care in their lifetimes². Roughly 50% will need high levels of care.
- Starting in 2030, when the youngest boomers will reach age 65, older Americans will make up 21% of the population, up from 15% today.³
- By 2040, nearly one in four Americans will be 65 years and older, the 85 and older population will have doubled from 6.7 million in 2020 to 14.4 million (a 117% increase), and the country will have added some 100,000 centenarians.⁴
- In a little more than 10 years, for the first time in our nation's history, the U.S. population will include more seniors than children.⁵
- One-third of today's 65-year-olds may never need long-term care, but 20% will need it for longer than 5 years.⁶
- By 2050, the number of individuals requiring paid long-term care services in any setting (home health aides, assisted living, or skilled nursing facilities) will likely triple from 8.3 million to 27 million.⁷
- By 2060, the 85 and older population will nearly triple to 19 million people and the number of centenarians will have increased from 92,000 in 2020 to roughly 590,000.⁸

Projected Population Growth by Age Group, 2016 to 2060



THE NEED FOR SENIOR CARE IS OUTPACING THE CURRENT AND FUTURE WORKFORCE

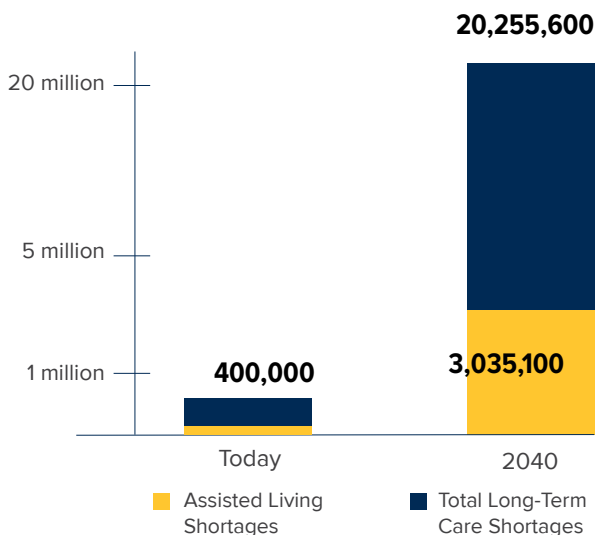
According to U.S. Census projections, the population of Americans 85 and older—the group typically requiring the most care—will more than double by 2040 and will continue to grow by nearly 200% across a 60-year span. With an individual’s risk of Alzheimer’s and dementia doubling each year after the age of 80, the number of seniors with cognitive impairment is projected to triple by 2050.⁹

America’s population is aging at its most rapid rate in our nation’s history, and we simply do not have the workforce to meet these demands.

Policymakers have long focused on nurse and physician shortages but haven’t focused enough on the shortages in long-term care. However, shortages in the long-term care industry will eclipse those in all other health care sectors. Currently, there is a shortage of 400,000 senior caregivers and that number will only continue to grow.¹⁰ In fact, between now and 2040, the U.S. will need more than 20 million workers to care for our nation’s seniors.

Within the long-term care sector, shortages in the “senior living” workforce (assisted living, memory care and independent living) are objectively the most acute. The senior living industry lost more than 100,000 positions between February 2020 and November 2021, leaving the industry far below pre-pandemic levels. While the hospital and home health care sectors are closer to returning to pre-pandemic employment, the senior living workforce is presently at its lowest levels since 2015. Today, 96% of senior communities are facing staff shortages and 61% are concerned that the staffing shortages might force them to close.

Long-Term Care Workforce Crisis Through 2040 Severe job shortages will grow exponentially



MANY AMERICANS ARE NOT FINANCIALLY PREPARED FOR LONG TERM CARE

Very few Americans (7.5 million) have any form of long-term care insurance (LTCI). According to the Bipartisan Policy Center, only about 11 percent of older adults have private LTCI coverage, and the private market remains in decline. Currently available LTCI policies are too expensive and complex for most consumers and the traditional policy design has not been sustainable for carriers. Private LTCI is virtually inaccessible to most people who need it, and only accounts for an estimated 2.7 percent of average lifetime costs for adults aged 65 and older.¹¹

Many believe incorrectly that Medicare, Medicaid, or their private health insurance will cover their LTC costs. In fact, Medicare provides limited benefits and Medicaid provides skilled nursing coverage, but there are strict income and asset limits to qualify. That leaves far too many people covering the cost of care themselves, eventually depleting their savings and retirement assets to qualify for Medicaid. Either way, Medicaid has become the default nursing home insurance for millions of Americans.

RELYING ON MEDICAID TO COVER LTC IS NOT FISCALLY SUSTAINABLE

As the U.S. continues to transform from an aging population to an *aged* population, there are growing concerns about the long-term solvency of the Medicare and Social Security Trust Funds. Equally concerning is the financial viability of Medicaid, which represents one of the largest budget items in every state in the nation. Medicaid is by far the largest single funding source for LTC, spending approximately \$135.8 billion on LTC services in 2020, an increase of \$6 billion over the previous year.¹²

Medicaid's inflation adjusted LTC expenditures are projected to increase at an average annual rate of just under 3% until 2030—the point at which every Baby Boomer will be 65 or older. The rate of increase will then accelerate, reaching about 5% per year by 2050, when spending is projected to reach \$466 billion.

Medicaid was never intended to cover LTC for tens of millions of Americans, but it now pays for more than 50 percent of the nation's long-term care expenses—and that share is growing. Relying on Medicaid as the primary financial support for LTC is not fiscally sustainable.

MEDICAID PROVIDES SENIORS FEWER OPTIONS WHILE COSTING MORE

Medicaid provides seniors fewer options and often forces them into higher levels of care than they require. While many seniors would fare perfectly well in assisted living, adult day care, or with home health care, these alternatives are often not covered, leaving a skilled nursing facility—the most expensive solution, involving facilities and a level of care that might not be needed—as the only option.

Medicaid recipients in SNF's typically do not have access to private rooms and are limited in their ability to make changes. Over the long-term, these situations can undermine seniors' health and independence, leading to poor outcomes and even higher costs.

Americans need and deserve a better solution. And one is available.

ASSISTED LIVING IS COST EFFECTIVE AND FLEXIBLE

Today, roughly 2 million Americans reside in 31,400 assisted living communities across the country. These facilities combine housing, supportive services and health care as needed in a community setting tailored to the needs of seniors. Assisted living encourages family and friends to remain involved in residents' daily life, and staff are available to meet scheduled and unscheduled needs. Each resident receives the care and support necessary to live safely and comfortably, with dignity and purpose.

Assisted living communities are *not* nursing homes. Assisted living is a home and community-based option for seniors who no longer choose to live alone and require assistance with activities of daily living (bathing, dressing, etc). Assisted living communities combine housing, supportive services and health care as needed in a community setting tailored to seniors. But above all, they are a home for residents to personalize and enjoy a sense of comfort and community

During the height of the pandemic, many policymakers assumed that assisted living communities were receiving financial relief and access to other federal programs. Because it is a different category of care, however, assisted living received little of the federal relief that went to skilled nursing facilities. Nationally, assisted living only received 1/12 of the relief of skilled nursing facilities even though both care for the same number of seniors, with losses exceeding \$30 billion.

Assisted Living Resident Profile

- Widowed Female
- 85-years old
- Needs assistance with bathing, dressing, and toileting
- Has 2 chronic conditions such as high blood pressure and heart disease
- Needs assistance taking 9 daily prescribed medications
- Will live in assisted living for 22 months

PART II: THE SOLUTION

Assisted living offers lower costs, improved quality of life, better health outcomes, and reduced health care costs

ASSISTED LIVING COSTS LESS THAN NURSING HOMES OR HOME-BASED CARE

As of 2021, the annual cost of a private room in assisted living was \$54,000; in a nursing home it was \$108,408, and the cost of a home health aide providing 24/7 care was 235,872. A 2021 Genworth Cost of Care survey calculated monthly costs for long-term care at \$9,034 in a nursing home, \$19,656 for home health setting and \$4,500 for assisted living.¹³

ASSISTED LIVING SUPPORTS HEALTH AND WELLNESS

For the money, assisted living provides more of what matters when it comes to helping seniors stay as healthy, happy, and independent as possible.

A majority (60 percent) of an older adult's health and wellness is based on the social determinants of health: adequate nutrition, housing, and social activities.

Recent surveys of residents and family members demonstrate how assisted living supports specific social determinants, which in turn keep seniors healthier and reduce the costs of care.

Housing and safety: Creating a safe and healthy environment for loved ones reduces stress for seniors and for their families.

- 94% of seniors in assisted living communities reported “good or great satisfaction” with their assisted living home, and more than 85% of families of residents rated their satisfaction as “good or great.”
- 99% of residents report feeling safe in their community.
- 91% of residents say they are safer living in an assisted living community than they would be living on their own

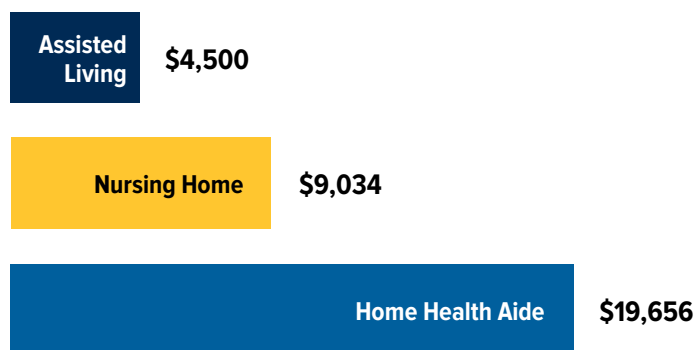
Healthcare and Quality of Life:

- 96% of residents reported that their assisted living communities provided sufficient health care and access to health care. Nearly 75% said assisted living improved their quality of life, and 70% indicated their health outlook improved.

Food and nutrition: Nearly 40% of seniors do not receive sufficient hydration. Providing three meals a day and regular hydration significantly reduces hospitalizations.

- 96% of residents report getting frequent (usually daily) meals, often cooked by onsite staff.

Assisted Living is The Most Affordable Choice of Senior Care



Amounts based on average monthly cost of 24/7 care; home health does not include room & board.

Socialization and activities: According to the Alzheimer's Research and Prevention Foundation, physical activity and social engagement, a core pillar of assisted living, can reduce the risk of developing Alzheimer's by 50 percent. What's more, exercise can also slow further deterioration in those who have started to develop cognitive problems.

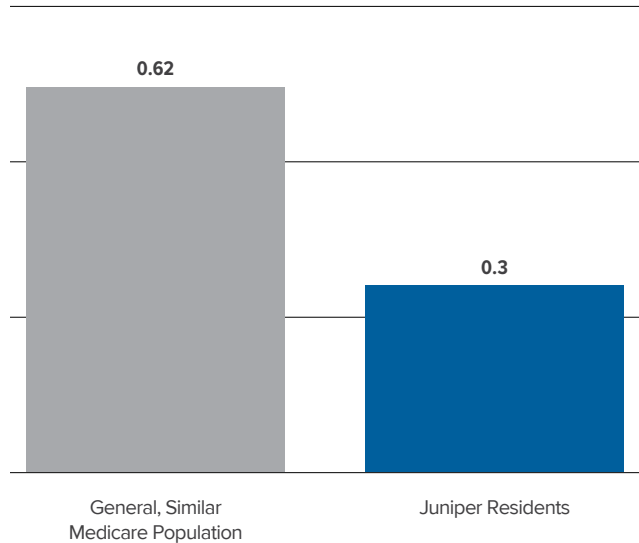
- 93% of residents report having life enrichment or social activities at their community.
- More than 75 percent say they are satisfied with these activities.

ASSISTED LIVING ENHANCES CARE COORDINATION RESULTING IN FEWER HOSPITALIZATIONS

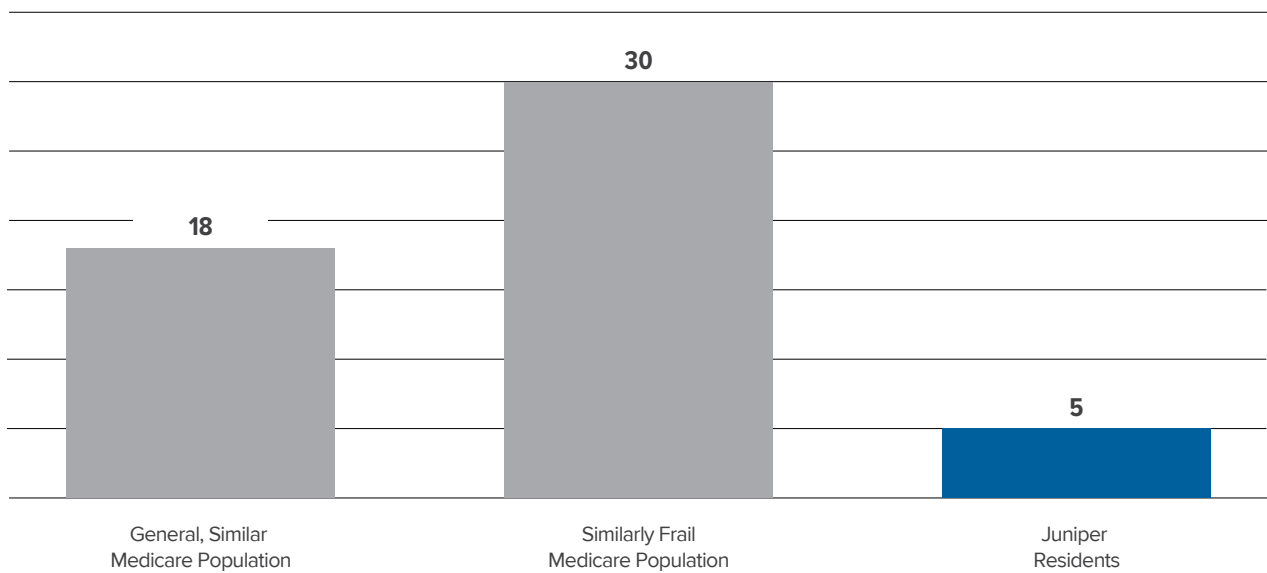
A burgeoning trend in senior living communities is providing coordinated care, which results in far fewer hospitalizations and lower Medicare spending. A 2017 study examined the Connect4Life Care Coordination at Juniper Senior Living Communities, and found that care coordination decreased the hospitalization rates by 52% and led to an 83% reduction in re-hospitalizations.¹⁴

A 2017 study by the Agency for Healthcare Research and Quality (AHRQ) found that the average cost of a Medicare fee-for-service hospitalization was estimated to be \$14,700. Using the CBO 2013-2018 rate of spending growth, the average hospitalization costs Medicare an estimated \$26,460 today. Care coordination programs for even half of assisted living residents would amount to \$13.2 billion in Medicare savings.

Average Hospitalizations Per Person Per Year



Average Hospitalizations Per Person Per Year



ASSISTED LIVING PRESERVES VITAL SOCIAL SAFETY NET PROGRAMS

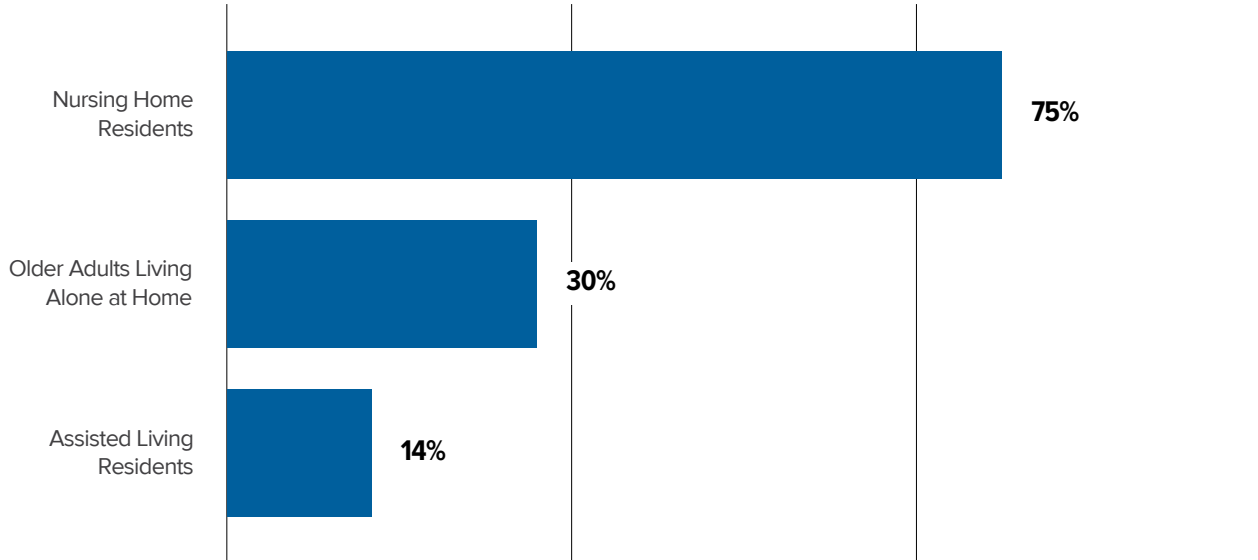
Presently, Medicaid serves as the nation’s largest payer of long-term care (LTC) services. According to estimates, if assisted living were not an option, as many as 61% of senior residents may be forced into far-costlier skilled nursing facilities (SNF) at a cost of \$43.4 billion. This additional cost would cripple state and federal Medicaid budgets.

The assisted living care model focuses on the social determinants of health, chronic disease management, social interaction and often facilitates care coordination with other healthcare providers. Though no assisting living facility receives Medicare dollars, this coordinated care, including social and preventative care, keeps seniors healthier and saves Medicare dollars.

U.S. Surgeon General Dr. Vivek Murthy has cited loneliness as “America’s Invisible Epidemic.”¹⁵ The National Institute on Aging went a step further, estimating the health effects of loneliness equal to that of smoking 15 cigarettes per day, and the National Academy of Sciences found that social isolation contributed to a 50% increased risk of developing dementia, a 59% increased risk of functional decline, and for patients with heart conditions, it nearly quadruples their risk of death and increases their risk of hospitalization by a staggering 68%.¹⁶

In a survey of 130,272 assisted living residents using the UCLA-3 assessment—considered the gold standard of loneliness assessments—one in seven (14.3%) were assessed as lonely; compared to SNF residents, where upwards of 75% report being “very lonely” or seniors living alone, 29.9% of whom report experiencing loneliness.

Assessed “Lonely” Based on the UCLA Loneliness Scale



According to a Harvard-Stanford-AARP study measuring the impact of social isolation on the healthcare system, Medicare spent an estimated \$134 more per month (\$1,608 annually) for each socially isolated older adult than it did for those who had more social contacts. The report concluded that “a lack of social contacts among older adults is associated with an estimated \$6.7 billion in additional federal spending annually.”¹⁷

By offering older adults a home where they can strengthen social connections, senior living communities play an important role in reducing social isolation and supporting the overall health and well-being of their residents.

It is important to note that the savings are not isolated to just the Medicare and Medicaid programs. In a recent report to Congress, the Veterans Affairs Administration outlined federal savings that could be achieved if veterans were given the option of assisted living care. Approximately 5% of veterans residing in federally funded Community Nursing Homes (CNHs) could be appropriately housed in assisted living. In FY2020 the annual cost of a CNH placement was \$120,701 compared with \$51,600 for assisted living. By utilizing assisted living for individuals who meet the relevant criteria at the time of admission, the VA would realize a potential cost of avoidance of \$69,101 per placement per year.¹⁸

ASSISTED LIVING REDUCES LOST WORK PRODUCTIVITY

The nonprofit Family Caregiver Alliance reports that more than 1 in 6 Americans working full-time or part-time assist with the care of an elderly or disabled family member, relative, or friend, and 70% suffer work-related difficulties due to their dual roles. The survey estimates that 61% of caregivers who work outside the home experience at least one employment change due to their caregiving responsibilities, such as cutting back work hours, taking a leave of absence, or receiving a disciplinary warning about performance or attendance.¹⁹

Separate research from Blue Cross Blue Shield estimates that family care giving led to the loss of 656,000 jobs, with an additional 791,000 family caregivers suffering from absenteeism at work. These job losses and absenteeism among family members and informal caregivers have a direct annual economic impact of \$43.9 billion, and indirect costs of \$221 billion in lost productivity.²⁰

The 10 million caregivers aged 50 and above who care for loved ones lose an estimated \$3 trillion in wages, pensions, retirement funds, and benefits. The total costs are higher for women, who lose an estimated \$324,044 due to caregiving, compared to men at \$283,716. Importantly, these calculations do not account for the emotional and logistical stresses experienced by family caregivers, the disruption of daily lives and relationships, and frequency of caregiver burnout. By easing the burden on informal caregivers, assisted living can increase productivity and the economic output of families.

SENIORS AND THEIR FAMILIES VALUE ASSISTED LIVING

Assisted living consistently receives very high customer satisfaction ratings. In a 2021-2022 survey of nearly 500,000 assisted living residents and their families, 90% of residents reported their community was “good” or “better” and more than 85% of families rated their loved one’s community as “good.”

Additionally, 96% of residents reported their assisted living communities provided sufficient health care and access to care. Nearly 75% said that assisted living improved their quality of life; 70% indicated their health outlook improved.

Residents and their families choose assisted living communities, because they like to remain active and fully engaged. They value the lifestyle, the abundance of choices, the independence, the dignity, and the quality of life that senior living residents enjoy every day.

PART III: CONCLUSION

The United States is on the precipice of a seismic shift that will transform our population from an aging population to an aged population.

Since most older Americans have at least one chronic condition (and many have multiple conditions), an estimated 70% of Americans will need some form of long-term care in their lifetimes. That is, they will need a caregiver. But will they be able to find one?

Policymakers have focused on nurse and physician shortages but not enough on the shortages in long-term care. However, shortages in the long-term care industry will eclipse those in all other health care sectors. Currently, there is a shortage of 400,000 senior caregivers and that number will only continue to grow. In fact, the United States will need to fill more than 20 million positions by 2040 to care for our nation's seniors.

Within the long-term care sector, shortages in the assisted living workforce are objectively the most acute. The senior living industry lost more than 100,000 positions between February 2020 and November 2021, leaving the industry far below pre-pandemic levels. While the hospital and home health care sectors are closer to returning to pre-pandemic employment, the senior living workforce is presently at its lowest levels since 2015. Today, 96% of senior communities are facing staff shortages and 61% are concerned that the staffing shortages might force them to close.

The senior living workforce shortage is at crisis levels now, but if policymakers fail to act, it could soon become a catastrophe. Much of the federal infrastructure is already in place and simply retooling current federal workforce development programs to better meet this workforce need has drawn bipartisan support. Efforts such as the bipartisan SENIOR Act, which was introduced in the House of Representatives in the 117th Congress to address the senior care crisis, is a perfect example of how current federal workforce programs can help alleviate this crisis significantly and could be a starting point for legislation in this Congress.

Additionally, common-sense immigration reforms, such as streamlining application processes and wait times for direct-care workers; re-developing visa exchange programs with a focus on the needs of the aging; and creating public-private partnership programs that offer career path training in the long-term care field could help alleviate the workforce shortage crisis.

The expected workforce crisis in long-term-care necessitates bolder action than we've seen up to now. Expanding seniors access to assisted living communities and developing the workforce to meet future demands will ease fiscal pressure on vital public health programs and improve the quality of life for our rapidly aging population.

The numbers do not lie. Our nation is aging and aging rapidly. The time to act is now.

ENDNOTES

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