ARGENTUM
EXPANDING SENIOR LIVING

# Caring for our Aging Nation: Policy Solutions to Increase Access to Assisted Living

## 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.** Learn more at **argentum.org.**

# EXECUTIVE SUMMARY

Assisted Living is a home and community-based setting for older adults combining housing, supportive services and health care as needed. Individuals who choose assisted living enjoy an independent lifestyle with assistance customized to meet each resident' needs and benefits that enrich their lives. Assisted Living promotes independence, purpose and dignity for each resident and encourages the involvement of a resident's family and friends. Staff is available to meet both scheduled and unscheduled needs. Communities typically offer dining, social and wellness activities, and personal care services. More than 1 million Americans reside in 31,400 assisted living communities across the country.

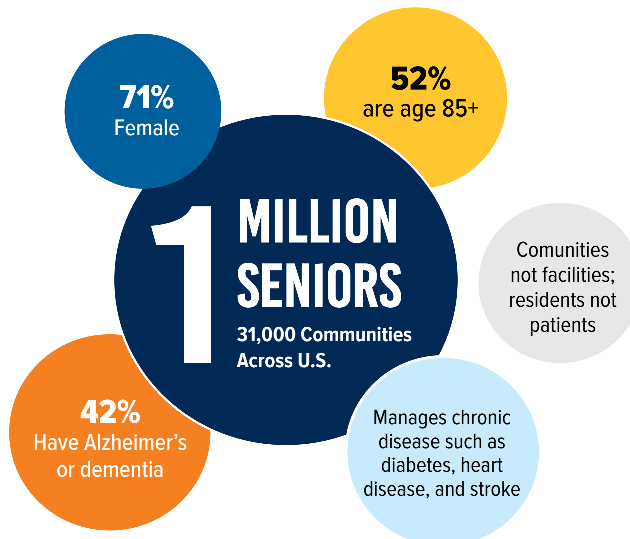
The United States is experiencing a rapidly aging population. Each day, more than 10,000 Americans turn 65—a trend that will continue until at least 2030 when the youngest Baby Boomers reach 65. By 2035, for the first time in history, older adults will outnumber children in the United States. At the same time, the number of Americans needing long-term care services is expected to increase rapidly. The Department of Health & Human Services estimates that 70 percent of Americans over the age of 65 will require some form of long-term care in their lifetime, 50 percent will need more extensive care, such as that provided in a skilled nursing facility or residential senior living community, and 20 percent will need it for five years or more.

Compared to other long-term care providers like skilled nursing facilities or in-home care, assisted living offers lower costs, improved quality of life, better health outcomes, and reduced health care costs. However, such care can be expensive. The national median cost of a private, one-bedroom room in a nursing home is $108,405, while the cost of a semi-private room, on average, totals $94,900. The average cost of a home health aide is $61,776 (based on 44 hours a week), but can reach as much as $235,000 for 24/7 coverage. The national average for assisted living is $54,000.

Unfortunately, many Americans are not financially prepared for their long-term care needs. A report by the National Conference on Aging found that up to 80 percent of older Americans—47 million—have modest assets in reserve and would be unable to afford four years in an assisted living community or more than two years of skilled nursing care. The Federal Reserve reported that one in four Americans have absolutely no retirement savings whatsoever.

## WHAT IS ASSISTED LIVING?

Assisted living is a cost-effective long-term care (LTC) model, providing 24-hour care. Residents live in individual apartment homes and share caregivers.




Many believe incorrectly that Medicare, Medicaid, or their private health insurance will cover long-term care costs. In fact, Medicare provides limited benefits in nursing homes and none in assisted living communities, while Medicaid provides skilled nursing coverage to a majority of residents in nursing homes and less than 20% in assisted living. Medicaid eligibility is subject to strict income and asset limits to qualify. That leaves far too many people covering the cost of care themselves, depending on some combination of long-term care insurance, personal savings, and investments, with many eventually depleting their savings and retirement assets to qualify for Medicaid.

Very few Americans have any form of long-term care insurance, and the private market remains in decline. Currently available policies are too expensive and complex for most consumers and therefore virtually inaccessible to most people who need them. Private insurance only accounts for an estimated 2.7 percent of average lifetime costs for adults aged 65 and older.

Policymakers must seriously address this emerging crisis and pursue public policies to increase access to, and improve the affordability of, senior living options.

# THE GREYING OF THE NATION

The United States is undergoing a dramatic demographic shift that will transform our 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.[1]

Starting in 2030, when the youngest boomers will reach age 65, older Americans will make up 21 percent of the population, and in 2035, for the first time in our history, there will be more older adults than children.

By 2040, 22 percent—or 80.8 million Americans—are projected to be 65 and older, more than twice as many as in 2000; the 85 and older population will more than double from 6.7 million in 2020 to 14.4 million (a 117% increase), and the country will add some 100,000 centenarians.

By 2060, nearly one in four Americans will be 65 years and older, nearly doubling from today's 55 million to 95 million; the 85 and older population will nearly triple to 19 million and the number of centenarians will grow fivefold from 92,000 in 2020 to roughly 590,000.[2] Life expectancy for the total population is projected to increase by about nine years, from 76.4 in 2021 to 85.6.[3]

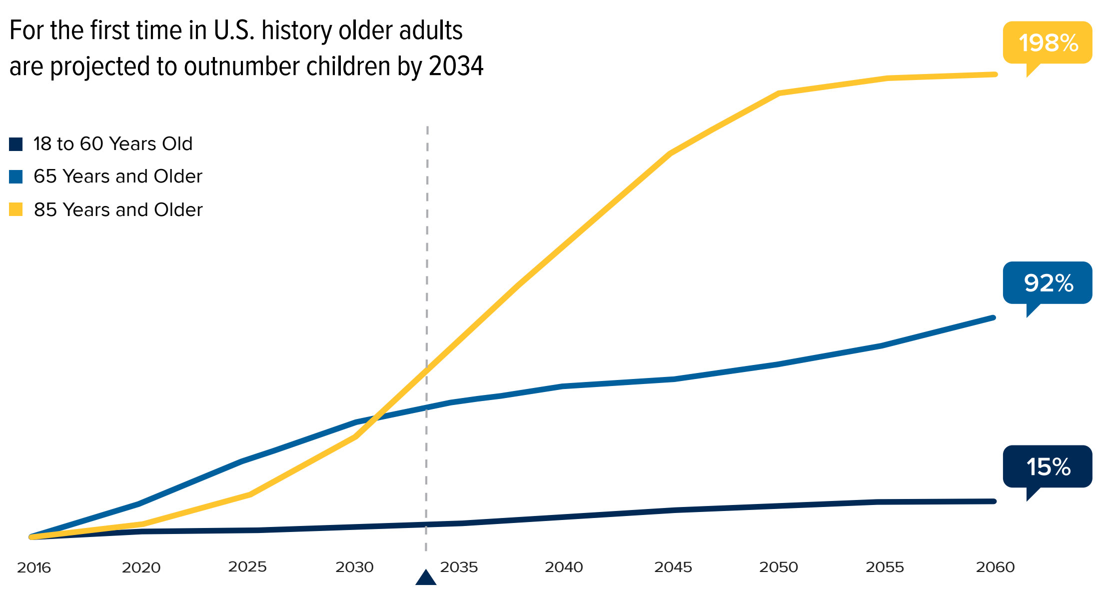
In the United States, a 65-year old man can expect to live another 17 years, and a 65-year old woman 19.8 years.[4] Unfortunately, older adults are disproportionately affected by chronic conditions, such as diabetes, arthritis, and heart disease. According to a 2022 National Council on Aging report, 95 percent of older adults have at least one chronic condition, and nearly 80 percent have two or more.[5]

According to the federal Administration for Community Living, someone turning age 65 today has a 70 percent chance of needing some type of long-term care in their lifetime. On average, women will require 3.7 years of care, and men 2.2 years. And while one-third of today's 65-year-olds may never need long-term care, 20 percent will need it for longer than 5 years.

The rapid aging of the population, coupled with the increased prevalence of chronic conditions are fueling the demand for long-term care services. By 2050, the number of Americans requiring paid long-term care services in any setting (home health aides, assisted living, or skilled nursing facilities) will triple from 8.3 million to 27 million.[7]

## PREPARING FOR AMERICA'S RAPIDLY AGING POPULATION

### PROJECTED POPULATION GROWTH BY AGE GROUP, 2016 TO 2060



## ASSISTED LIVING—A COST-EFFECTIVE, SOCIAL MODEL OF CAREGIVING

Assisted living is a home and community-based option for older adults who require assistance with activities of daily living like bathing, dressing, and eating, but do not require the kind of round-the-clock care provided by skilled nursing facilities. Assisted living communities combine housing, supportive services, and health care such as medication and chronic disease management in a community setting tailored to the needs of seniors. Today, more than 1 million Americans reside in 31,400 assisted living communities across the country.

According to a study by the National Institutes of Health (NIH), 94 percent of assisted living residents have at least one chronic condition, while more than three quarters (76 precent) have two or more.[8] A separate study by the nonpartisan and objective research organization (NORC) at the University of Chicago found that the average assisted living resident manages more than 14 chronic conditions.[9] The most common include: Alzheimer's disease and other dementias (42%), Heart disease (34%), Depression (28%), Diabetes (17%) and COPD (15%). By coordinating care and managing these chronic conditions, assisted living communities improve the health and wellbeing of their residents while decreasing the financial strain on the healthcare system.

## WHY ASSISTED LIVING MATTERS

### 1 HIGH SENIOR SATISFACTION

| |
|---|
| Over 90% of residents report high satisfaction |
| Over 85% of families report high value |
| 70% report improved health outlook |
| Nearly 75% report improved quality of life |
| 95% seniors feel safe |

*Based on 2021 survey of 400,000 residents & families*

### 2 SAVES STATE AND FEDERAL TAX DOLLARS

| | |
|---|---|
| AL saves Medicaid | **$43.4 billion each year** |
| AL saves Medicare | **$15.4 billion each year** |
| AL reduces lost work productivity | **$43.9 billion lost productivity dollars each year** |

## THE GROWING DEMANDS OF DEMENTIA CARE

Alzheimer's disease and other forms of dementia are the most common chronic condition of assisted living residents, a trend that will continue in the coming decades. The number of Americans living with Alzheimer's is growing—and growing fast. According to the Alzheimer's Association, an estimated 6.7 million Americans aged 65 and older (or 1 in 9) are living with Alzheimer's. By 2050, that number will grow to a projected 13.8 million, barring the development of medical breakthroughs to prevent or cure Alzheimer's disease.[10]

The greying of the population is a major factor contributing to the growth of Alzheimer's disease as the greatest known risk factor is increasing age. The symptoms usually appear after age 60, and while younger people can get Alzheimer's, it is uncommon. After age 65, the risk of Alzheimer's doubles every five years. After age 85, the risk reaches nearly one-third.

Alzheimer's disease is presently the sixth-leading cause of death in the United States, but the fifth-leading cause of death among individuals aged 65 and older, and the third for those aged 85 and above. According to the CDC, deaths from Alzheimer's more than doubled between 2000 and 2019, while those from heart disease—the leading cause of death—actually decreased.[11] At age 70, seniors living with Alzheimer's are twice as likely to die before age 80 than those who do not have the disease.

People aged 65 and older survive an average of four to eight years after an Alzheimer's diagnosis, yet some live as long as 20 years. A person who lives from age 70 to age 80 with Alzheimer's will spend an average of 40 percent of this time in the severe stage. Much of this time will be spent in a long-term care facility. At age 80, approximately 75 percent of people with Alzheimer's live in a long-term care facility, compared with only 4 percent of the general population of people aged 80. In all, an estimated two-thirds of those who die of dementia do so in nursing homes, compared with 20 percent of people with cancer.[12]

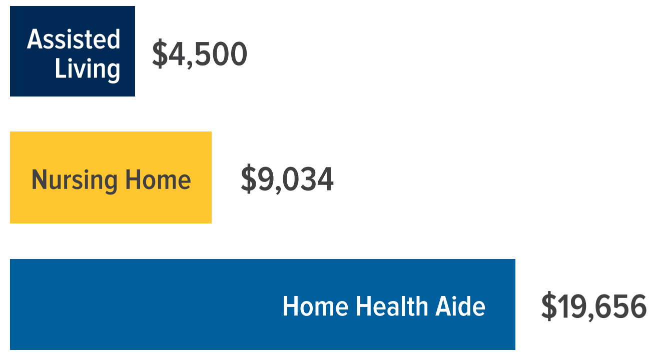
Today, more than 11 million Americans provide unpaid care for people with Alzheimer's or other dementias. In 2022 alone, these informal caregivers (typically family or friends) provided an estimated 18 billion hours of assistance, valued at $339.5 billion. Although informal caregivers report positive feelings about caregiving, such as family togetherness and the satisfaction of helping others, they also frequently report higher levels of stress. Not surprisingly, compared with caregivers of people without dementia, caregivers of those with dementia indicate more substantial emotional, financial and physical difficulties. In fact, 59 percent of family caregivers of people with Alzheimer's or other dementias rated the emotional stress of caregiving as "high" or "very high," and they are significantly more likely to experience depression and anxiety.

In the later stages of Alzheimer's, however, people with the disease require constant care. The vast majority of assisted living communities can accommodate individuals with Alzheimer's or other forms of dementia, in the community or in a specialized memory care unit. In fact, more than 50 percent of residents in assisted living have some form of dementia or cognitive impairment, and that number is increasing every day.[13]

Assisted living communities have trained staff on hand 24 hours a day to provide care for residents with Alzheimer's, including assistance with activities of daily living, as well as monitoring for changes in behavior or health. Many offer specialized care for people with Alzheimer's, such as memory care programs that are designed to help residents with memory loss stay engaged and active.

U.S. Surgeon General Dr. Vivek Murthy has cited loneliness as "America's Invisible Epidemic." The National Institute on Aging estimates the health effects of loneliness equal to that of smoking 15 cigarettes per day. People with Alzheimer's and other forms of dementia are more likely to experience loneliness than those without the disease, and as a result, are at increased risk of depression, anxiety, and worsened cognitive decline. By offering residents a home where they can strengthen social connections, providing safe and supportive environments for people with Alzheimer's, and offering a full range of services to help maintain independence, dignity and quality of life, assisted living and memory care will play an important role in caring for this growing population.

## 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.*

## COST-EFFECTIVENESS OF A SHARED CARE MODEL

By attending to the social determinants of health, assisted living helps maintain the well-being of the nation's seniors and relieves the burden on public health programs like Medicare, Medicaid, and veterans' care. Care in senior living communities dramatically reduces hospitalization and social isolation, and saves Medicare an estimated $15.4 billion each year. If assisted living were not an option, as many as 61% of senior residents could be forced into far-costlier skilled nursing facilities at a cost of $43.4 billion (a cost that would cripple state and federal Medicaid budgets). And the Department of Veterans Affairs reported in 2021 that the federal government could save an average of $69,000 per year, per veteran, by providing assisted living services instead of nursing home care through lower rates of hospitalization and better coordination of care.[14]

Compared to other long-term care providers like skilled nursing facilities or in-home care, assisted living offers lower costs, improved quality of life, better health outcomes, and reduced health care costs. However, such care can be expensive. The average annual cost of a private, one-bedroom room in a skilled nursing facility is $108,405, while the cost of a semi-private room, on average, totals $94,900. The average cost of a home health aide is $61,776—based on 44 hours a week but can reach as much as $235,000 for 24/7 coverage. The national average for assisted living is $54,000.[15]

## AMERICANS STRUGGLE SAVING FOR RETIREMENT AND LTC NEEDS

Unfortunately, many Americans are not financially prepared to fund their long-term care. According to a 2021 survey by the Employee Benefit Research Institute (EBRI), the median retirement savings balance for workers aged 55 to 64 is just $125,000—far short of the $250,000 to $300,000 that most experts say is needed to retire comfortably and pay for essential services.[16] This tracks with federal government data. New research by the Federal Reserve shows that one in four Americans have no retirement savings at all.[17]

The retirement savings gap in the U.S.—between what people have and should have—was $28 trillion in 2015, but by 2050, it's expected to swell to $137 trillion; increasing $3 trillion annually without significant public policy or behavioral changes. If these projections hold, retirees will outlive their savings by an average of eight to 20 years.[18]

A new report by the National Council on Aging illustrates the need for policymakers to increase the access and affordability of assisted living. The report found that up to 80% of older adults have modest assets and would be unable to afford four years in an assisted living community or more than two years of nursing home care. Put another way, 47 million Americans aged 60 or above don't have the financial resources to cover the future care they may need.[19]

According to the U.S. Department of Health and Human Services, 70 percent of Americans over the age of 65 will require some form of long-term care in their lifetime, and some 50 percent will need more extensive care, such as that provided in a skilled nursing facility home or residential senior living community. As a result, there is great variation in long-term care spending among individuals—although some people will not have any long-term care needs, others will have significantly high spending. Roughly 27 percent of individuals turning 65 will have long-term care costs of at least $100,000 over their lifetimes, and 15 percent will have costs that exceed $250,000.[20]

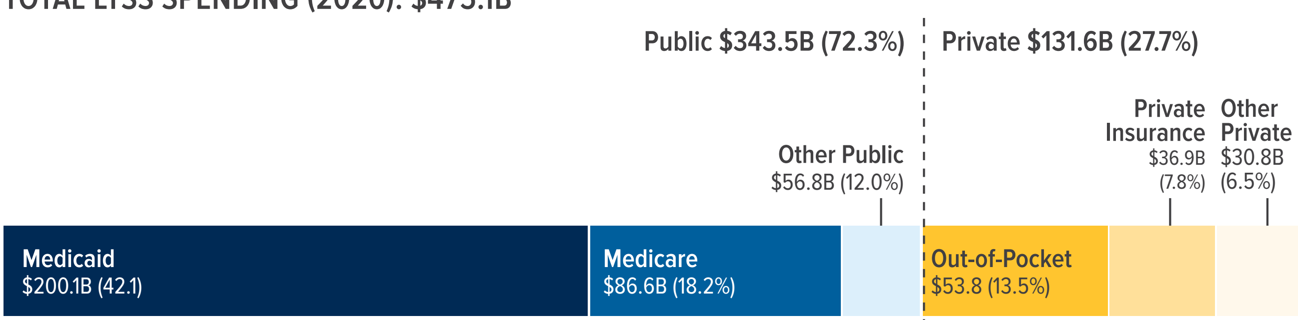
## THE MISCONCEPTION OF FEDERAL LTC ASSISTANCE

Many believe incorrectly that Medicare, Medicaid, or private health insurance will cover long-term care costs. In fact, Medicare covers only short-term nursing home stays, mainly for rehabilitation, and limited home health care options. It does not pay for long-term care. Medicaid provides skilled nursing coverage, but to meet the strict income and asset limits to qualify, people must liquidate most, if not all, of their personal financial resources. It only pays for approximately 15%-20% of assisted living residents, and there are long waiting lists and limited availability due to Medicaid assisted living waiver programs being limited. Because long-term care is not considered medically necessary, health insurance covers only the same kinds of limited services as Medicare.

Private insurers began offering long-term care insurance in the 1970s to cover expenses health insurance and Medicare do not—skilled nursing care, assisted living, home health aides, et al—and sales ticked steadily upward into the 2000s. At its peak in 2002, roughly 750,000 Americans successfully purchased long-term care insurance in a single year. By 2020, that number had plummeted to 49,000, a more than tenfold contraction.[21]

## WHO PAYS FOR LTSS?

### TOTAL LTSS SPENDING (2020): $475.1B




*CRS analysis of National Health Expenditure Account (NHEA) data obtained from the Centers for Medicare & Medicaid Services (CMS), Office of the Actuary prepared December 2021.*

Only 7.5 million Americans, or about 3.3% of the population, have long-term care insurance (LTCI). This number has remained relatively stable in recent years because 95 percent of policyholders keep their coverage in force. The traditional LTCI market remains in decline as currently available policies are too expensive (annual premium for a 55-year-old couple starts at $2,100) and complex for most consumers, and the traditional policy design has not been sustainable for insurance carriers. Because of this, the number of insurers offering LTCI coverage has dropped from slightly more than 100 in 2004 to about a dozen in 2020.[22]

A vibrant long-term care insurance market would help consumers afford the future care they will need, but also ease pressures on public health programs. According to the Congressional Research Service, Medicaid and Medicare are, respectively, the first and second-largest public payers, accounting for 60.4 percent of the $475 billion in long-term care spending nationwide in 2020.[23] The Congressional Budget Office has estimated that long-term care spending for those aged 65 and older will almost triple from the 1.3 percent of gross domestic product in 2010 to 3 percent in 2050.[24]

Medicaid is by far the largest single payer of long-term care in the United States, spending approximately $200 billion in 2020, or 42.1 percent of all long-term care spending. Medicaid's inflation adjusted expenditures are projected to increase at an average annual rate of just under 3 percent until 2030—the point at which every Baby Boomer will be 65 or older. The rate of increase will then accelerate, reaching about 5 percent per year by 2050, when spending is projected to reach $466 billion.[25]

By some estimates, assisted living annually saves Medicaid alone $43.4 billion in additional expenditures. Without assisted living as an option, as many as 61 percent of senior residents may be forced into skilled nursing facilities, which are typically double the average cost of assisted living.

The assisted living care model focuses on the social determinants of health, chronic disease management, social interaction and often facilitates care coordination with other health care providers. Though no assisting living facility receives Medicare dollars, this coordinated care, including social and preventative care, keeps seniors healthier and saves Medicare an estimated $15.4 billion through reduced hospitalizations and readmissions, less social isolation, and delay in far costlier skilled nursing care.

## WORKFORCE SHORTAGES ARE REDUCING THE AVAILABILITY OF ASSISTED LIVING

Our nation's current capacity to house and care for senior citizens is far from sufficient to match the projected growth of our aging population. According to research from the National Investment Center for Seniors Housing & Care (NIC), nationwide there were an estimated 743,272 assisted living units in the first quarter of 2022.[26] To meet the demands of an aging population, NIC predicts that the U.S. will need almost 881,000 new facilities by 2030 and 986,000 by 2040.

Besides the physical infrastructure, the U.S will also need to create tens of millions of jobs to care for seniors in the next two decades. Within the health care sector, shortages in the "senior living" workforce (assisted living, memory care and independent living) are objectively the most acute. The industry lost almost 110,000 positions between February 2020 and November 2021, leaving the industry far below pre-pandemic employment levels.

While the workforce crisis is showing some sign of improvement in other sectors, 70 percent of assisted living providers report experiencing a "significant" or "severe workforce shortage," and 64 percent say that their workforce situation has not improved in the past year. To recruit and retain staff, 92 percent of assisted living communities are offering higher wages, 69 percent are offering signing bonuses, and many are dipping deep into their reserves to cover staffing agency fees, which cost two, three, or more times as much per hour as full-time employees. A significant percentage of these costs will ultimately be passed on to residents and their families, and exacerbate affordability challenges.[27]

A separate poll released in 2022 showed the impacts of the workforce shortage crisis on assisted living communities: 48 percent are concerned that they could have to close; 37 percent are operating at a loss; 35 percent cannot sustain the current operating pace for more than a year; and 24 percent are limiting acceptance of new residents. Six percent have closed.[28]

Total employment in the long-term care industry is projected to reach almost 8.3 million by 2040, an increase of some 2.5 million jobs—or 42.1%—from its 2021 employment level of 5.8 million. In addition to the new jobs that will be created, there will be an additional 18 million job openings that result when employees either exit the labor force or transfer to a different occupation. In total, the combined senior care industry will need to fill more than 20.2 million occupational openings by 2040.[29]

The rapidly aging population, many with multiple chronic conditions, will create far more demand for long-term care services in the coming decades, but many Americans are not prepared for the financial burden of paying for their care. Public health programs, which pay the majority of long-term care related expenses, are strained. Policymakers must act quickly to address this emerging crisis and pursue public policies to increase access to, and improve the affordability of, senior living options.

## POLICY RECOMMENDATIONS TO INCREASE SENIOR LIVING ACCESS AND AFFORDABILITY

Americans want policymakers at all levels of government to do more to help meet the nation's growing long-term care needs. An Associated Press and NORC Center for Public Affairs Research poll, conducted in 2021 found that:

- Americans think health insurance companies (52 percent), Medicare (51 percent), and Medicaid (41 percent) should have a large or very large responsibility to pay for ongoing living assistance. Just 35 percent think individuals and 15 percent think families should be primarily responsible for financing long-term care.
- About 75 percent of respondents favor long-term care coverage through Medicare Advantage or supplemental insurance.
- 60 percent of respondents support a government-administered long-term care insurance program similar to Medicare.
- 61 percent support tax incentives to help purchase long-term care insurance.
- Most Americans do not feel prepared for their own care needs: 69 percent say they have done little or no planning and just 16 percent are confident they will have the financial resources they need to pay for long-term care.[30]

There are a number of legislative and regulatory approaches to improve the access and affordability of assisted living.

## STRENGTHEN THE LTCI MARKET SO MORE AMERICANS CAN PLAN FOR THEIR LONG-TERM CARE

The highly-respected Bipartisan Policy Center has outlined a number of measures to improve the viability of private long-term care insurance.[31] Among their recommendations:

- Congress should standardize and simplify private long-term care insurance to achieve an appropriate balance between coverage and affordability, through "retirement long-term care insurance (LTCI)."
- Incentivize employers to offer retirement LTCI and to auto-enroll certain employees (age 45 and older with minimum retirement savings), with an opt-out like many employer-sponsored retirement savings accounts.
- Permit early penalty-free withdrawal from retirement savings accounts to pay retirement LTCI premiums.
- Ask the National Association of Insurance Commissioners (NAIC) to modify their model laws and regulations to accommodate products that convert life insurance to long-term care.
- Establish a federal public education campaign to strengthen educational resources on long-term care and to incorporate long-term care planning into retirement education topics.
- Establish a refundable tax credit for caregivers to help with out-of-pocket costs.

Today, fewer than 1 in 30 Americans own a long-term care insurance policy, and only about 7 percent of adults over 50. Congress and state policymakers should act on these proposals to make it easier and more economically feasible to purchase coverage.

## RESOLVE THE WORKFORCE SHORTAGE TO INCREASE THE AVAILABILITY OF CAREGIVERS AND REDUCE COSTS

In 2022, U.S. Representatives Lori Trahan (D-MA) and Brian Fitzpatrick (R-PA) introduced the bipartisan Safeguarding Elderly Needs for Infrastructure and Occupational Resources (SENIOR) Act to provide funding to assisted living communities for uncompensated COVID-19-related losses, and strengthen the senior living labor force by investing in workforce development programs at the Health Resources and Services Administration; explicitly designed to meet the needs of older adults.

## AMEND THE TAX CODE TO ENCOURAGE SAVINGS FOR LONG-TERM CARE

To encourage additional savings to meet the projected increase in demand for senior living, and to help more Americans meet their future retirement and health care needs, Congress should amend rules governing tax advantaged saving vehicles like Health Saving Accounts (HSA), 401k and 403b plans, and Individual Retirement Accounts (IRA) to allow people to use these accounts to pay for long-term care expenses.

Legislation that was introduced in the previous Congress would encourage additional savings for long-term care, and should be reintroduced this year.

- **H.R. 6271/S. 380** would simplify and expand Health Savings Accounts (HSAs) and Flexible Spending Accounts (FSAs) by increasing the maximum contribution limit for HSAs to match the out-of-pocket limit for HSA eligible health plans; allow working seniors and employers to continue contributing to an HSA after reaching the Medicare eligibility age of 65; and allow the use of tax-free HSA funds to pay health insurance premiums.
- **H.R. 7107/S.2415** would allow individuals to withdraw funds from their 401k, 403b, and IRAs to pay for long-term care insurance. Additionally, the bill would exclude the withdrawal from income tax to the extent it is used to pay for long-term care insurance up to $2,500 annually and exclude the withdrawal from the 10 percent early withdrawal penalty tax.
- **H.R. 2898/S.1399** would allow tax-exempt distributions from HSAs to be used for qualified home care, which includes assistance with eating, toileting, bathing, dressing, and medication adherence.

An education fund, or 529 plan, is an investment account that functions in a similar manner as a 401(k) or IRA. Penalty-free withdrawals are allowed for qualified expenses like tuition (college and K-12), books, room and board, and computers. Student loans are also a qualified expense, but only up to $10,000. However, the earnings portion of a non-qualified distribution will be subject to ordinary income taxes and a 10% tax penalty. While 529 plans are useful for many, some individuals do not use all or any of the savings on qualified expenses. A possible approach could allow individuals to pay for long-term care with their 529 plans after a certain age, without a tax penalty. Relevant legislation does not currently exist to amend 529 plans but is seen as a possible approach to allow more Americans to fund their long-term care.

While much of the COVID-19 funding portion of the SENIOR Act passed in a separate year-end spending bill, the workforce provisions died when the 117th Congress adjourned. Congress should reintroduce a bill this year that builds on the original workforce development provisions, but also improves affordability and accessibility in long-term care, including changes to tax-advantaged savings plans that allow redirecting funds to pay for long-term care without penalty, and streamlining community development programs within the Department of Housing and Urban Development (HUD) to encourage more public-private partnerships.

To increase the pool of caregivers, Congress must also pass commonsense immigration reforms. According to a new paper published by the National Bureau of Economic Research, "an increase in the supply of immigrants to a community has a strong positive effect on the supply of both lower-skilled (CNA) and higher-skilled (RN) hours provided to nursing home residents. For every 10 percent increase in female immigration, there are 0.7% more CNA hours per nursing home resident and 1.1% more RN hours per resident."[32]

The report finds that "increases in the immigration population result in improved nursing home direct care staffing levels, particularly among full-time staff, with little impact on industry wages or the skill mix of direct care staff. Immigration-induced staffing increases were found to meaningfully improve the quality of resident care." The authors conclude that "increasing immigrant flows into the US may be one actionable policy solution to ensure there is an adequate workforce to ensure the rapidly aging population has access to quality long-term care."

Argentum encourages Congress to develop and pass legislation to expand U.S. immigration levels that is narrowly targeted to meet the direct care needs of our rapidly aging population, and to encourage the Biden Administration to establish workforce training programs in the long-term care sector for refugee and asylee populations currently in the country.

## INCREASE REIMBURSEMENT TO ALLOW MORE PEOPLE TO BENEFIT FROM ASSISTED LIVING

Home and community-based services (HCBS) help seniors and people with disabilities and chronic illnesses live independently outside institutions by assisting with daily needs, including, but not limited to, home health aide services and assistance with activities of daily living like eating, dressing, or bathing. Because these services are largely unaffordable for many, and unavailable through private insurance or Medicare, Medicaid serves as the primary source of coverage for HCBS. Assisted living participation in HCBS programs provides thousands of seniors annually the opportunity to receive necessary care in less restrictive settings while saving federal and state governments billions of dollars in care costs compared to institutional settings.

The Federal Medical Assistance Percentage (FMAP) is a funding mechanism that determines the amount of federal funding that states receive for Medicaid, based on a state's per capita income. The American Rescue Plan, the COVID-19 relief package signed into law in 2021, increased FMAP for Medicaid HCBS spending by 10 percentage points through March 31, 2022. Congress should make the temporary increase in the FMAP permanent. This investment in long-term care, would help to improve the quality of care, expand access to services, and reduce the financial burden on states.

Additionally, Congress established Medicaid waiver programs that allow states to provide benefits to people who would not otherwise be eligible. These waivers can be used to provide a variety of services, including assisted living. There are a number of different Medicaid waivers that can be used to pay for assisted living, the most common being the 1915(c) waiver, which allows states to provide benefits to people who need nursing home-level care, but who can be safely cared for in an assisted living setting.

However, inadequate reimbursement has prevented more people from utilizing these waivers. According to Argentum survey data of members in states with waiver programs, monthly reimbursement is approximately 50%-66% percent less than the actual cost of care. Assisted living communities want to continue providing services to waiver recipients but are limited in their ability to do so when they are reimbursed at levels well below the cost of providing care. Lawmakers in a number of states are considering legislation that would boost Medicaid rates for assisted living housing and programs. This is a good start. Without more equitable reimbursement, more older adults will be denied access to assisted living.

Congress and state policymakers should continue identifying ways to provide funding to help deliver assisted living services to more people, as opposed to forcing them into far costlier skilled nursing facilities that oftentimes provide a higher level of care than they need. For better or worse, Medicaid will remain the largest payer of long-term care services, and an aging population will only continue to strain the program.

These policy recommendations are not exhaustive, but represent meaningful steps that can be taken now to help make senior living more affordable and accessible. With public and private estimates projecting a dramatic increase in demand for services, and insufficient savings by many Americans, policymakers at all levels of government need to act now to address the current crisis and mitigate a far more serious potential crisis in future years.

# ENDNOTES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