



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).

TABLE OF CONTENT

- 3 Executive Summary**
- 4 The American Population is Aging and Will Need Long-term Care**
- 5 Assisted Living Improves the Care and Quality of Life for Seniors, Resulting in Extremely High Customer Satisfaction Rates**
- 6 Assisted Living in the Most Cost Effective Care Model**
- 8 Challenges**
 - Americans Lack Adequate Savings for Retirement and Long-term Care Needs
 - Workforce Shortages are Reducing the Availability of Assisted Living
- 10 Policy Recommendations**
 - Encourage Intergenerational Care Models
 - Expand Veterans Access to Assisted Living
 - Strengthen the Long-term Care Insurance Market
 - Increase Reimbursement to Allow More People to Benefit from Assisted Living

EXECUTIVE SUMMARY

Assisted living was created to provide seniors with a choice and dignity in care in a residential setting. Assisted living communities are not nursing homes or institutional care settings, they are home and community-based settings for older adults that combine housing, supportive services and person-centered care tailored to each resident. Today, more than 1.4 million Americans reside in one of the approximately 31,400 assisted living communities across the country.

In 2023, Argentum published two white papers measuring the value of assisted living for seniors and their families and outlining policy solutions to lower costs and make it easier for more Americans to save for their long-term care needs.¹ The 2024 edition includes some key findings based on new research and data.

- A March 2024 report by NORC at the University of Chicago found that older adults who live in senior housing communities live longer, receive more home health services and benefit from greater rehabilitative and preventive care than those who do not.
- In the 2023 J.D. Power Senior Living Satisfaction Survey, assisted living communities received a satisfaction score of 837 (on a 1,000-point scale) — higher than industries like travel and hospitality.
- The U.S population is older today than it has ever been. According to a 2023 Census Bureau report, between 1980 and 2022, the median age of the population increased from 30.0 to 38.9. By 2100, the median age is projected to increase to 48.
- Each day, approximately 11,200 Americans turn 65. A record 4.1 million will turn 65 in 2024 alone, a surge that will continue through the end of the decade as the youngest Baby Boomers reach 65. By 2029, for the first time in American history, older adults will outnumber children.
- Senior living residents have a 50% lower rehospitalization rate than the average rate for seniors overall, which not only improves their quality of life, but also lowers Medicare spending. Assisted living could potentially save Medicare up to \$17 billion through lower rehospitalization rates.



- The Agency for Healthcare Research and Quality (AHRQ) reported in December 2023 that “post pandemic employment has improved in many sectors but workforce participation in the nursing and residential care sector continues to shrink.” While the overall healthcare workforce grew approximately 15.5% over the past decade, workforce participation in the nursing home and residential care sector is down 8.4% from levels reported in January 2020.

Assisted living is, and will continue to be, a critical option for seniors, offering an alternative to institutional care and the most cost-effective form of care for our rapidly aging population.

However, many Americans are not financially prepared for their long-term care needs, and many believe incorrectly that Medicare, Medicaid, or private health insurance will cover these costs. Policymakers must pursue solutions to tackle workforce shortages, expand access through innovative care models, make it easier for more Americans to save for their long-term care needs, and increase reimbursement for public programs to allow more people to benefit from assisted living.

THE AMERICAN POPULATION IS AGING AND WILL NEED LONG-TERM CARE

The U.S. population is older today than it has ever been. According to a 2023 Census Bureau report, between 1980 and 2022, the median age of the population increased from 30.0 to 38.9, with one-third (17) of states having a median age above 40.² By 2100, the median age is projected to increase to 48, and could reach as high as 54 depending on future immigration policies.³

Each day, approximately 11,200 Americans turn 65.⁴ A record 4.1 million will turn 65 in 2024 alone, a surge that will continue through the end of the decade as the youngest Baby Boomers reach 65. The number of Americans aged 65 and older is projected to increase from 58 million today to 82 million by 2050 (a 47% increase), and their share of the total population is projected to rise from 17% to 23%. By 2029, for the first time in American history, older adults will outnumber children.⁵

According to Census projections, the population of Americans 85 and older—the group typically requiring the

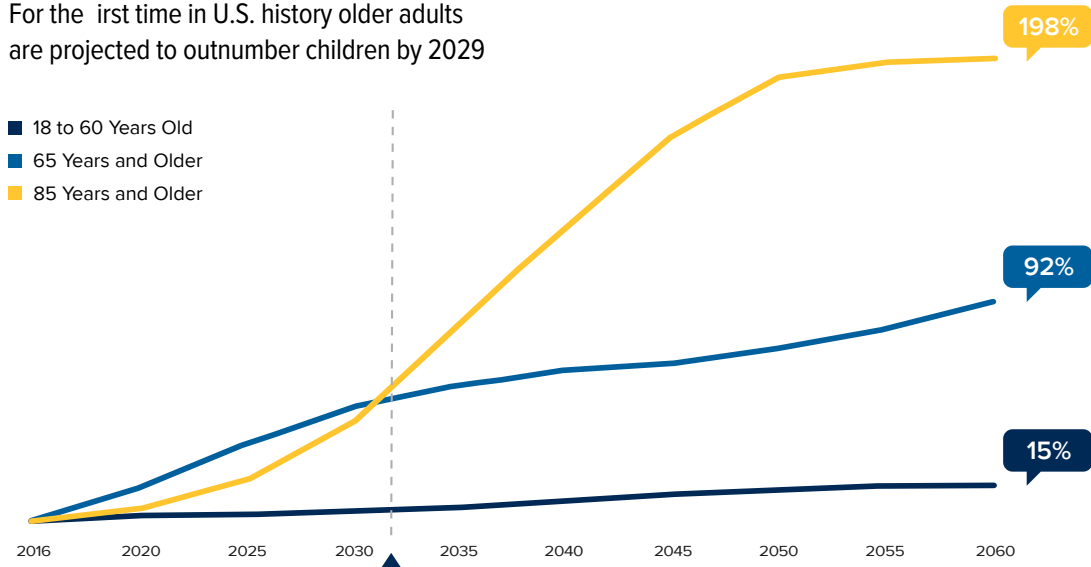
most care—will double by 2040 from 6.7 million in 2020 to 14.4 million. By 2060, the 85 and older population will nearly triple to 19 million.⁶

The number of Americans aged 100 and older is projected to more than quadruple over the next three decades, from an estimated 101,000 in 2024 to about 422,000 in 2054, according to projections from the U.S. Census Bureau. Centenarians currently make up just 0.03% of the overall U.S. population, and they are expected to reach 0.1% in 2054.⁷

The Social Security Administration estimates that a man turning 65 in 2022 can expect to live another 17.5 years, and a 65-year-old woman, 20.1 years.⁸ 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.⁹

PREPARING FOR AMERICA'S RAPIDLY AGING POPULATION PROJECTED POPULATION GROWTH BY AGE GROUP, 2016 TO 2060

For the first time in U.S. history older adults are projected to outnumber children by 2029



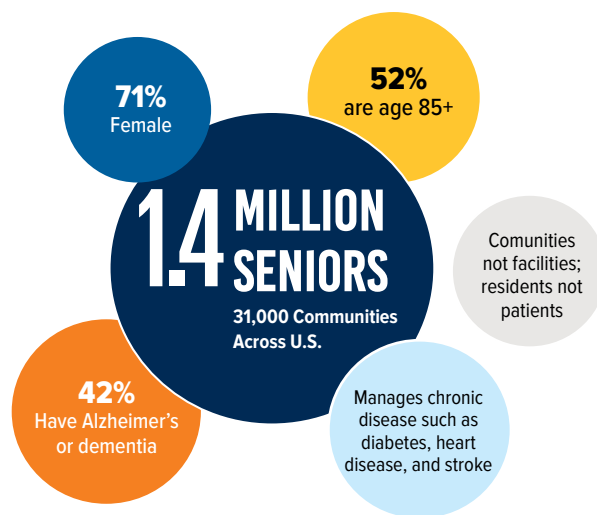
According to the federal Administration for Community Living, someone turning age 65 today has a 70 percent chance of needing some type of long-term care in their lifetime. On average, women will require 3.7 years of care, and men 2.2 years. And while one-third of today's 65-year-olds may never need long-term care, 20 percent will need it for longer than 5 years.¹⁰

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 double from today's 14 million to 27 million.¹¹

Today, more than 1.4 million Americans reside in 31,400 assisted living communities across the country, figures that will only continue to grow to keep pace with our aging population.

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.



ASSISTED LIVING IMPROVES THE CARE AND QUALITY OF LIFE FOR SENIORS, RESULTING IN EXTREMELY HIGH CUSTOMER SATISFACTION

A March 2024 report by the nonpartisan and objective research organization (NORC) at the University of Chicago found that older adults who live in senior housing communities live longer, receive more home health services and benefit from greater rehabilitative and preventive care than those who do not.

Among the key findings of the report, on average, older adults who move into senior housing:

- **Live longer**—Living more than one week longer than older adults who live in the community and have a lower mortality rate;
- **Receive more home health care**—Receiving 10 more days of home health care services than older adults who live in the community;
- **Obtain more preventative/rehab services at home**—Receiving four more days of preventative and rehabilitative services at home than older adults who live in the community;

- **Spend less time on anti-psychotics**—Spending three fewer days on anti-psychotics than older adults who live in the community.¹²

Assisted living improves the care and quality of life for America's seniors, and as a result, resident satisfaction is extremely high. According to the 2023 J.D. Power Senior Living Satisfaction Survey, assisted living communities received a satisfaction score of 837 (on a 1,000-point scale) — higher than industries like travel and hospitality, which received a score of 596.¹³

Based on national surveys, 90% of senior residents report high satisfaction with their care and communities. Additionally, 96% of residents report that their assisted living communities provide sufficient health care and access to health care, 93% say their community provides them with adequate social opportunities, and 96% consider their community to be home. Nearly 75% said assisted living improved their quality of life, and 70% indicated their health outlook improved.

According to the Alzheimer’s Research and Prevention Foundation, physical activity and social engagement, core pillars of assisted living, can reduce the risk of developing Alzheimer’s by 50%.¹⁴ What’s more, exercise can also slow further deterioration in those who have started to develop cognitive decline. Roughly 93% of assisted living residents report having life enrichment or social activities at their community, and more than 75% are satisfied with these activities.

A separate 2023 report by NORC at the University of Chicago found that seniors have heightened vulnerability

to illness and impaired mobility prior to, and just after, moving into senior living communities as residents settle into their new community before leveling off and showing improvement. In a review of Medicare claims of residents from more than 14,000 senior living communities, researchers found that residents experienced a 10% decline in frailty levels one year after moving in.¹⁵ By focusing on social determinants of health—social engagement, community involvement, balanced nutrition, transportation and access to exercise—assisted living communities play an important role in improving residents’ overall health, well-being and safety.

ASSISTED LIVING IS THE MOST COST EFFECTIVE CARE MODEL, LOWERING COSTS FOR SENIORS AND PUBLIC HEALTH PROGRAMS

Compared to other long-term care providers, assisted living offers lower costs, improved quality of life, better health outcomes, and reduced health care costs. The annual average cost of a private room in a nursing home is \$108,405 and \$95,000 for a semi-private room. The average cost of a home health aide is \$61,776 (based on 40 hours a week) but can reach as much as \$235,000 for 24/7 coverage, and does not cover the costs of housing, meals, transportation, or offer socialization, all of which are core components of assisted living. The national average for assisted living is \$54,000.¹⁶

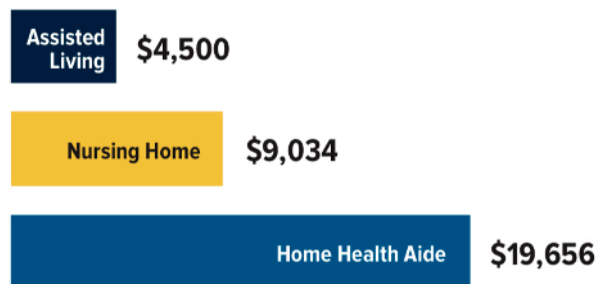
According to a study by the National Institutes of Health (NIH), 94% percent of assisted living residents have at least one chronic condition, while more than three quarters (76%) have two or more.¹⁷

A separate NORC study found that the average assisted living resident manages more than 14 chronic conditions.¹⁸ 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.

A 2018 Washington University study found that living in a senior community can lead to lower levels of hospitalization for vulnerable seniors—including those with chronic health conditions.

Utilizing data from a decade-long study, the report concludes that the services offered by many senior living communities encourage residents to seek treatment sooner for pressing issues, leading to fewer trips to the hospital.¹⁹ The “findings suggest that the positive effects from the various support services available in the senior housing environment accrue over time in helping vulnerable elders better manage their health conditions.”

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.

According to the Congressional Research Service, Medicaid and Medicare are, respectively, the first and second-largest payers for long-term care in the United States, accounting for 60.4% of the \$475 billion in long-term care spending nationwide in 2020.²⁰ 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 2050.²¹

Medicaid is by far the largest single payer of long-term care, spending approximately \$200 billion in 2020, or 42.1% of all long-term care spending. Medicaid's inflation adjusted expenditures are projected to increase at an average annual rate of just under 3% until 2030, at which point the rate of growth will accelerate, reaching about 5% per year by 2050, when spending is projected to reach \$466 billion.²² 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, 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 coordinating care with other healthcare providers. This coordinated care, including social and preventative care, keeps seniors healthier and reduces Medicare spending.

According to NIC Map Vision data, the average Medicare payment per day in skilled nursing facilities is \$592, compared to just \$87 for residential senior living (assisted living, memory care and independent living). This translates to annual Medicare spending of \$31,922 in senior living vs. \$216,080 in skilled nursing facilities.²³

According to the Agency for Healthcare Research & Policy (AHRQ), there were 13.5 million Medicare beneficiaries admitted to a hospital in 2018. The 30-day readmission rate among these Medicare beneficiaries was 16.9%, at an average cost to Medicare of \$15,500 per readmission.²⁴ According to NIC Map Vision, the average 30-day readmission rate among senior living communities nationwide was only 8.8%. Assisted living could save Medicare up to \$17 billion through lower rehospitalization rates.

The public health savings are not limited to Medicare and Medicaid. 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 care in assisted living communities instead of nursing home care "through lower rates of hospitalization and better coordination of care."²⁵

In May 2023, U.S. Surgeon General Dr. Vivek Murthy released an advisory calling attention to "the public health crisis of loneliness, isolation, and lack of connection in our country. As the advisory makes clear, "The physical health consequences of poor or insufficient connection include a 29 percent increased risk of heart disease, a 32 percent increased risk of stroke, and a 50 percent increased risk of developing dementia for older adults, and a 60 percent increased risk of premature death."²⁶

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 each year."²⁷

The latest University of Michigan National Poll on Healthy Aging found that adults aged 50 to 80 who live alone report higher rates of social isolation than those who live with others. This is in line with a national survey of more than 130,000 assisted living residents, which found that just 14.3% were assessed as lonely; compared to skilled nursing home residents, where upwards of 75% report being "very lonely" or seniors living alone, 29.9% of whom report experiencing loneliness.²⁸

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

CHALLENGES

AMERICANS LACK ADEQUATE SAVINGS 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.²⁹

This tracks with federal government data. According to the U.S. Census Bureau, 42% of baby boomers, the generation closest to retirement, do not have a retirement account.³⁰ Generation X, the oldest of whom will reach retirement age at the end of this decade, fares no better, with 44% not investing in retirement accounts. New research by the Federal Reserve shows that 28% of working age adults have no retirement savings at all, up from 25% in 2021.³¹

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.³²

Seventy percent of Americans over the age of 65 will require some form of long-term care in their lifetime, and some 50% will need more extensive care, such as that provided in a skilled nursing facility 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% of individuals will have long-term care costs of at least \$100,000 over their lifetimes, and 15% will have costs that exceed \$250,000.³³

A recent report by the National Council on Aging 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, according to a new study. Put another way, 47 million older

Americans lack the financial resources to cover the future care they may need.³⁴

A recent Transamerica Center for Retirement Studies survey found that just 17% of pre-retirees (working adults aged 50 and above) are confident that they will be able to maintain a comfortable lifestyle throughout their retirement. Many fear declining health that requires long-term care (41%) and possible long-term care costs (35%). Just 14% of retirees are very confident they will be able to afford long-term care if needed. Almost half (46%) indicate that they plan to receive care from family and friends, if their health declines and they need help with daily activities or nursing care; 31% do not have any plans for long-term care.³⁵

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 (LTCI) 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 purchased LTCI; by 2020 that number had plummeted to 49,000, a more than tenfold contraction. By 2020, that number had plummeted to 49,000, a more than tenfold contraction.³⁶

Only 7.5 million Americans, or about 3.3% of the population, only 7.5 million Americans, or about 3.3% of the population have an LTCI policy. 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 range from \$2,100 to \$8,575) 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 today.³⁷

A vibrant long-term care insurance market would help consumers afford the future care they will need, while also easing pressures on public health programs.

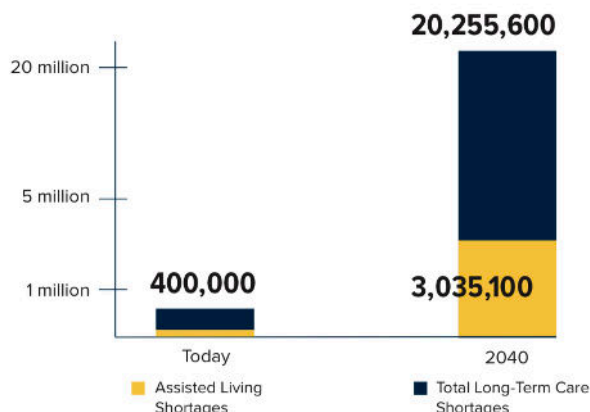
WORKFORCE SHORTAGES ARE REDUCING THE AVAILABILITY OF ASSISTED LIVING

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 2022.³⁸ 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 residential senior living workforce are objectively the most acute. The industry lost almost 110,000 positions between February 2020 and November 2021, leaving the workforce far below its pre-pandemic levels.

LONG-TERM CARE WORKFORCE CRISIS THROUGH 2040

Severe job shortages will grow exponentially



While the workforce crisis is showing some sign of improvement in other sectors, 70% of assisted living providers report experiencing a “significant” or “severe workforce shortage.” To recruit and retain staff, 92% are offering higher wages, 69% 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.³⁹

Recent reports indicate the persistence of the workforce crisis for the long-term care industry. The Agency for Healthcare Research and Quality (AHRQ) reported in December 2023 that “post pandemic employment has improved in many sectors but workforce participation in the nursing and residential care sector continues to shrink.”

According to AHRQ, the healthcare workforce grew approximately 15.5% over the past decade, with the most rapid growth occurring in the ambulatory care sector. Although workforce size decreased sharply at the beginning of Covid, there were approximately 16.6 million workers as of January 2023, 1.2% higher than it had been in January 2020. Meanwhile, workforce participation in the nursing home and residential care sector was 3.1 million workers in January 2023, down 8.4% from levels reported in January 2020.

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 5,839,500. 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 jobs by 2040.⁴⁰

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 resolve the workforce shortage, expand access to assisted living through

innovative care models, make it easier for more Americans to save for their long-term care needs, and increase reimbursement for public programs to allow more people to benefit from assisted living.

POLICY RECOMMENDATIONS

In a new report, researchers from the University of Michigan and Cornell University found that in the last decade, a growing number of Americans support government assistance for care of older adults—both financially and in providing support for daily tasks.

In 2012, 61% of Americans believed that families should provide care for older family members. By 2022, this number fell to 48%. Over the same time, support for government assistance nearly doubled, from 13% to 25%.⁴¹

Americans' attitudes toward who should pay for elder care have also changed. In 2012, 37% of Americans thought the government should pay. By 2022, 51% felt this way. In 2012, 44% believed older adults or their family should pay for care; by 2022, this number had fallen to 28%.

Assisted living has proven to be an important part of senior care, offering tremendous value to residents, preserving vital public health resources by reducing costs for Medicare, Medicaid, and veterans' care. However, care can be expensive, and many Americans are not financially prepared to meet their future care costs. There are a number of legislative and regulatory approaches that policymakers should implement to make assisted living available to more Americans, reduce costs, make it easier for more people to save for retirement, and to address the historic workforce shortage facing the entire long-term care industry.

RESOLVE THE WORKFORCE SHORTAGE AND PROVIDE MORE FLEXIBLE SAVINGS OPTIONS

In March 2024, U.S. Representatives Brian Fitzpatrick (R-PA) and Lori Trahan (D-MA) introduced H.R. 7605, the bipartisan Safeguarding Elderly Needs for Infrastructure

and Occupational Resources (SENIOR) Act that if enacted, will enhance access and affordability of assisted living while addressing critical workforce development needs in the industry.

Key provisions of the SENIOR Act include:

- **Cost-Reduction Program for Lower-Income Seniors:** The legislation includes a cost-reduction program aimed at making assisted living more affordable for lower-income seniors ensuring that seniors have access to the care they need without financial hardship.
- **Workforce Training Programs:** The legislation redirects existing Health and Human Services (HHS) and Department of Labor (DOL) workforce training programs, such as Job Corps and American Job Centers, to offer specializations in senior care. This will help strengthen the senior living labor force by investing in workforce development programs explicitly designed to meet the needs of older adults.

In March 2023, U.S. Representatives Rob Wittman (R-VA) and Abigail Spanberger (D-VA) introduced the bipartisan Freedom to Invest in Tomorrow's Workforce Act (H.R. 1477). U.S. Senators Amy Klobuchar (D-MN) and Mike Braun (R-IN) reintroduced S. 722, companion legislation in the Senate.⁴² These bills would expand eligible uses of tax-advantaged 529 savings plans to cover costs associated with workforce training and credentialing programs and empower plan beneficiaries to use their funds to pay for exams necessary to obtain and maintain recognized private professional certifications and credentials.

This important legislation has the potential to help workers of any educational background, skill level or age and supports every industry and profession that relies on employees with specialized training or credentials.

To increase the pool of caregivers, Congress must also pass commonsense immigration reforms. According to a 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."⁴³

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.”

ENCOURAGE INTERGENERATIONAL CARE MODELS

In December 2023, U.S. Representatives Marilyn Strickland (D-WA), Bryan Steil (R-WI), Ann Kuster (D-NH), introduced H.R. 6835, the Care Across Generations Act, groundbreaking legislation that will help alleviate the twin senior and child care workforce shortages in this country while improving the health and wellbeing of both seniors and children.⁴⁴

Studies have shown that intergenerational settings, which can combine senior care such as assisted living with child day care services, increase the health and well-being of both young and older participants, reduce social isolation, and create cost efficiencies. The concept is also popular—92% of Americans believe intergenerational activities can reduce loneliness across all ages and 85% would prefer care settings that foster intergenerational connections.

Assisted living offers the ideal setting to embrace intergenerational care. America’s 31,400 assisted living communities are home to 1.4 million seniors and employ one million caregivers, many of whom report difficulties with finding reliable childcare. The Care Across Generations Act can help assisted living communities retain these vital care givers by increasing childcare options at a time when high quality care can be hard to find.

This intergenerational connection helps alleviate caregiving burdens, but also improves the health of children and seniors. One study found that grandparents who directly interacted with grandchildren survived five years longer than those who remained uninvolved.⁴⁵ A second study concluded that grandparents who are actively involved with caregiving registered higher scores on cognitive tests.⁴⁶

EXPAND VETERANS ACCESS TO ASSISTED LIVING

According to the U.S. Department of Veterans Affairs (VA), roughly half of the 9 million veterans currently enrolled in veterans’ health care programs are 65 or older. Over the next decade, the number of veterans over 75 is expected to approach 3 million. The number of veterans aged 85 or older receiving care from VA health services is expected to grow some 535% over the next 20 years.

While someone turning age 65 today has a 70 percent chance of needing some type of long-term care in their lifetime, VA predicts that approximately 80% of veterans will develop the need for long-term services. However, VA is restricted from covering “room and board fees” at assisted living communities, which precludes veterans from utilizing this long-term care option. Many veterans eligible for nursing home care may not need skilled nursing or other institutional settings and may prefer a more home-like setting that promotes independence such as assisted living when appropriate.

The Expanding Veterans’ Options for Long Term Care Act (H.R. 1815 and S.495) will offer our veterans more choices and better care, while also preserving taxpayer dollars. In a report to Congress, VA stated that the federal government would save almost \$70,000 per veteran each year by utilizing assisted living. The bill is supported by VA, veteran service organizations, and a number of health care associations.

STRENGTHEN THE LONG-TERM CARE INSURANCE MARKET

The highly respected Bipartisan Policy Center has outlined a number of measures to improve the viability of private long-term care insurance.⁴⁷ 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).”
- Provide employer incentives 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.
- 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% of adults over 50. Congress and state policymakers should act on these proposals to make it easier and more economically feasible to purchase coverage.

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.

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.

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

- 1 Argentum, The Value of Assisted Living for America and Caring for our Aging Nation: Policy Solutions to Increase Access to Assisted Living
- 2 U.S. Census Bureau, America Is Getting Older, June 22, 2023, <https://www.census.gov/newsroom/press-releases/2023/population-estimates-characteristics.html>
- 3 U.S. Census Bureau, U.S. Population Projected to Begin Declining in Second Half of Century, November 9, 2023, <https://www.census.gov/newsroom/press-releases/2023/population-projections.html>
- 4 The Wall Street Journal, America Has Never Had So Many 65-Year-Olds. They're Redefining the Milestone, February 6, 2024, <https://www.wsj.com/health/america-has-never-had-so-many-65-year-olds-theyre-redefining-the-milestone-4383e769>
- 5 Ibid U.S. Census Bureau, America is Getting Older, June 22, 2023.
- 6 U.S. Census Bureau, Living Longer: Historical and Projected Life Expectancy in the United States, 1960 to 2060, <https://www.census.gov/content/dam/Census/library/publications/2020/demo/p25-1145.pdf>
- 7 Pew Research Center, U.S. centenarian population is projected to quadruple over the next 30 years, January 9, 2024 <https://www.pewresearch.org/short-reads/2024/01/09/us-centenarian-population-is-projected-to-quadruple-over-the-next-30-years/>
- 8 Social Security Administration, Period Life Expectancy — 2023 OASDI Trustees Report, <https://www.ssa.gov/OACT/TR/2023/lr5a4.html>
- 9 National Council On Aging, The Inequities in the Cost of Chronic Disease: Why It Matters for Older Adults, <https://ncoa.org/article/the-inequities-in-the-cost-of-chronic-disease-why-it-matters-for-older-adults>
- 10 Administration for Community Living, How Much Care Will You Need? <https://acl.gov/ltc/basic-needs/how-much-care-will-you-need>
- 11 Ibid.
- 12 NORC at the University of Chicago, An Analysis of Longevity Among Senior Housing Residents, March 2024, https://content.nic.org/NIC_Analysis-of-Longevity-Among-Senior-Housing_Summary_Report
- 13 JD Power, 2023 U.S. Senior Living Satisfaction Study, November 15, 2023, <http://www.jdpower.com/business/resource/senior-living-study>
- 14 Alzheimer's Research and Prevention Foundation, How Exercise Saves Cognition, April 12, 2021, <https://alzheimersprevention.org/how-exercise-saves-your-cognition/>
- 15 NORC at the University of Chicago, Vulnerability To Adverse Health Outcomes Amongst Senior Housing Residents, September 2023, https://content.nic.org/nic_frailty_dac_chart_pack
- 16 Genworth Financial, Cost of Care Survey (2021), <https://www.genworth.com/aging-and-you/finances/cost-of-care.html/>
- 17 National Institutes of Health, The Impact of Complex Chronic Diseases on Care Utilization Among Assisted Living Residents, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3977595/>
- 18 NORC at the University of Chicago, Understanding the Health Needs and Spending of Senior Housing Residents https://info.nic.org/hubfs/20220909_NIC%20September%20Conference_FINAL.pdf
- 19 The Gerontologist, The Role of Senior Housing in Hospitalizations Among Vulnerable Older Adults With Multiple Chronic Conditions: A Longitudinal Perspective, Volume 58, Issue 5, October 2018, Pages 932–941, <https://doi.org/10.1093/geront/gnx046>

- 20 Congressional Research Service, Who Pays for Long-Term Services and Supports?, <https://crsreports.congress.gov/product/pdf/IF/IF10343>
- 21 Congressional Budget Office, Rising Demand for Long-Term Services and Supports for Elderly People, <https://www.cbo.gov/sites/default/files/cbofiles/attachments/44363-LTC.pdf>
- 22 The University of Pennsylvania Budget Model, Projecting Medicaid's Long Term Care Expenditures <https://budgetmodel.wharton.upenn.edu/issues/2022/3/9/projecting-medicaids-long-term-care-expenditures>
- 23 NIC Map Vision
- 24 Agency for Healthcare Research & Policy, Overview of Clinical Conditions With Frequent and Costly Hospital Readmissions by Payer, July 2021, <https://hcup-us.ahrq.gov/reports/statbriefs/sb278-Conditions-Frequent-Readmissions-By-Payer-2018.jsp>
- 25 U.S. Department of Veterans Affairs, Report to Congress on Long-Term Care Projections, September 2021, <https://www.argentum.org/wp-content/uploads/2023/02/VA-Report-To-Congress-FY-2021-CTR-Long-Term-Care-Projections.pdf>
- 26 U.S. Department of Health and Human Services, Surgeon General's Advisory on Our Epidemic of Loneliness and Isolation, May 3, 2023, <https://www.hhs.gov/sites/default/files/surgeon-general-social-connection-advisory.pdf>
- 27 AARP, "Medicare Spends More on Socially Isolated Older Adults," <https://www.aarp.org/content/dam/aarp/ppi/2017/10/medicare-spends-more-on-socially-isolated-older-ad>
- 28 University of Michigan, Trends in Loneliness Among Older Adults from 2018-2023, March 13, 2023, <https://www.healthyagingpoll.org/reports-more/report/trends-loneliness-among-older-adults-2018-2023>
- 29 Employee Benefit Research Institute Issue Brief, The Impact of Adding an Automatically Enrolled Loan Protection Program to 401(k) Plans, https://www.ebri.org/docs/default-source/ebri-issue-brief/ebri_ib_551_kloans-24feb22.pdf?sfvrsn=e0f43b2f_2
- 30 U.S. Census Bureau, Who Has Retirement Accounts? August 31, 2022 <https://www.census.gov/library/stories/2022/08/who-has-retirement-accounts.html>
- 31 The Federal Reserve Board of Governors, Economic Well-Being of U.S. Households in 2022, May 2023 <https://www.federalreserve.gov/publications/files/2022-report-economic-well-being-us-households-202305.pdf>
- 32 The World Economic Forum, We'll Live to 100 – How Can We Afford It?, <https://www.weforum.org/whitepapers/we-ll-live-to-100-how-can-we-afford-it>
- 33 The Urban Institute, How Much Could Financing Reforms for Long-Term Services and Supports Reduce Medicaid Costs?, <https://www.urban.org/research/publication/how-much-could-financing-reforms-long-termservices-and-supports-reduce-medicaid-costs>
- 34 National Council on Aging, Addressing the Nation's Retirement Crisis: The 80%, <https://ncoa.org/article/addressing-the-nations-retirement-crisis-the-80-percent-financially-struggling>
- 35 Transamerica Center for Retirement Studies, Life in Retirement: Pre-Retiree Expectations and Retiree Realities, September 2023, <https://transamericainstitute.org/research/retirees#2023retirees>
- 36 American Association of Long-term Care Insurance, Facts and Figures 2021, <https://www.aaltci.org/long-term-care-insurance/learning-center/lcfacts-2021.php>
- 37 National Association of Insurance Commissioners, Center for Insurance Policy and Research, Long-Term Care, <https://content.naic.org/cipr-topics/long-term-care-insurance>
- 38 National Investment Center for Seniors Housing & Care, How Much Senior Housing and Care Inventory Exists in the U.S., <https://blog.nic.org/how-much-senior-housing-and-care-inventory-exists-in-the-united-states>

- 39 Leading Age, Workforce Informal Snap Poll: Toplines, <https://leadingage.org/wp-content/uploads/2023/03/Workforce-Snap-Poll-Toplines-2023-1.pdf>
- 40 Agency for Healthcare Research and Quality, 2023 National Healthcare Quality and Disparities Report, Publication No. 23(24)-0091-EF, December 2023, <https://www.ahrq.gov/research/findings/nhqrdr/index.html>
- 41 Patterson, S. E., & Reyes, A. M, Changes in Americans' Views on Who Should Provide and Pay for Assistance to Older Adults with Activity Limitations, 2012 to 2022, January 17, 2024 <https://doi.org/10.1177/23780231231225574>
- 42 H.R. 1477 bill text <https://www.congress.gov/118/bills/hr1477/BILLS-118hr1477ih.pdf>. S. 722 bill text <https://www.congress.gov/118/bills/s722/BILLS-118s722is.pdf>
- 43 National Bureau of Economic Research, Immigration, The Long-Term Care Workforce, and Elder Outcomes in the U.S., <https://www.nber.org/papers/w30960>
- 44 H.R. 6835 bill text <https://www.congress.gov/118/bills/hr6835/BILLS-118hr6835ih.pdf>
- 45 The Journal of Social Science and Medicine, The Impact of Caring for Grandchildren on the Health of Grandparents, January 27, 2016 <https://pdf.sciencedirectassets.com/>
- 46 Journal of Aging and Health, Grandchild Caregiving and Cognitive Health Among Grandparents, March 31, 2021, <https://journals.sagepub.com/doi/10.1177/08982643211006592>
- 47 Bipartisan Policy Center, Bipartisan Solutions to Improve the Availability of Long-term Care, <https://bipartisanpolicy.org/report/improving-ltc/>