

Statement of David S. Schless
President
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at the
White House Conference on Aging
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On behalf of the American Seniors Housing Association (ASHA), we commend the President and the members of the Conference on Aging Policy Committee for their efforts to focus attention on the issues that will face America's seniors in the decades ahead. In particular, we wish to emphasize the need to consider the housing challenges that our nation must address if we are to provide safe, comfortable, and enriching living environments throughout the aging process.

Based in Washington, DC, ASHA is a not-for-profit association comprised of executives involved in the operation, development and finance of the entire spectrum of seniors housing – senior apartments, independent living communities, assisted living, and continuing care retirement communities (CCRCs). While most members are for-profit operators or financiers, ASHA's membership also includes a significant number of executives from leading not-for-profit seniors housing providers and other prominent professionals. The Association's membership owns and/or manages an estimated 500,000 units of seniors housing – approximately one quarter of the nation's purpose-built seniors housing stock.

SENIORS HOUSING: AN OVERVIEW OF ISSUES

Although purpose-built seniors housing in the United States has been expanding exponentially over the last century, the tremendous demographic shifts associated with the aging of the "baby boom" generation will dramatically increase the importance of seniors housing over the next three decades. As our nation faces unprecedented strains on resources to support and care for seniors, it is critical that policymakers create an environment that allows the many different types of seniors housing to flourish and evolve. In particular, because most seniors housing is (and should continue to be) paid for privately, it is imperative that we as a nation continue to allow consumers to drive the housing and service options available in the marketplace. At the same time, policies should (1) promote planning for the finance of housing needs in retirement (including preparation for long-term care expenses) and (2) should not add unnecessary costs that will make those housing options unavailable or unaffordable.

SENIORS HOUSING OPTIONS

Although many believe the 36 million seniors who currently reside in the U.S. are monolithic, the reality is that seniors as a group are very heterogeneous. With the population of those age 65 and older expected to increase to 70 million by the year 2030, the diversity of seniors will be even more pronounced, and seniors will have more housing and service options to choose from than at any time in the history of our country.

Collectively, an estimated 2.3 million Americans now reside in approximately 21,000 purpose-built, professionally owned and managed seniors housing communities with a capitalized market value of \$176 billion. Although terminology varies from state-to-state, the spectrum of seniors housing properties includes the following:

- *Senior apartments* are multifamily residential rental properties restricted to adults at least 55 years of age or older. These properties do not have central kitchen facilities and generally do not provide meals to residents, but may offer community rooms, social activities, and other amenities.
- *Independent living communities* are age-restricted multifamily rental properties with central dining facilities that provide residents as part of their monthly fee with access to meals and other services such as housekeeping, linen service, transportation, and social and recreational activities. Such properties do not provide, in the majority of the units, assistance with activities of daily living (ADLs) such as supervision of medication, bathing, dressing, toileting, etc. There are no licensed skilled nursing beds in independent living communities.
- *Assisted living residences* are state-regulated properties that provide the same services as independent living communities, but also provide, in a majority of the units, supportive care from trained employees to residents who are unable to live independently and require assistance with activities of daily living (ADLs) including management of medications, bathing, dressing, toileting, ambulating and eating. These properties may have some skilled nursing beds, but the majority of units are licensed for assisted living. Many of these properties include wings or floors dedicated to residents with Alzheimer's or other forms of dementia.
- *Continuing Care Retirement Communities (CCRCs)* are age-restricted properties that include a combination of independent living, assisted living, and skilled nursing services (or independent living and skilled nursing) available to residents all on one campus. Resident payment plans vary and include entrance fee, condo/coop and rental programs. The majority of units within CCRCs are not licensed skilled nursing beds.

SENIORS HOUSING POLICY ISSUES

Although there are a number of important policy issues that will likely be addressed by the White House Conference on Aging, there are two particularly important issues that we hope conferees will have an opportunity to consider -- the financing of long-term care and the need for national legal reform to help ensure that housing remains available and affordable.

- *Financing Quality Long-Term Care.* It is critical that our nation focus attention on the need to plan ahead for long-term care expenses. For many families who want to begin planning, long-term care insurance is an effective way to plan for the future. Perhaps as much as any other step, enhanced tax incentives for long-term care insurance (e.g. through current proposals that would provide an above-the-line deduction for premiums) would help many Americans meet their long-

term care needs. Quality long-term care does not come cheap and most American's would benefit greatly from early planning.

- *Legal Reform and Regulatory Policies.* Seniors housing options have evolved dramatically over the last two decades and market-driven innovation should be encouraged to continue. Regulatory policies should be structured in a manner that will evolve with the changing needs of seniors.

Over the past several years, frivolous lawsuits and skyrocketing liability insurance costs that have resulted, have had an extremely detrimental effect on all seniors housing providers – even those attempting to serve our neediest, most frail seniors. Given the inherent costs associated with providing shelter and services to seniors, the ability of our profession to serve persons of all means has been put to the test as never before. Passage of meaningful national legal reform is necessary in order to make seniors housing as affordable as possible.

At the same time, collaborative efforts should continue to explore other ways to improve the quality of care provided to America's seniors in the various seniors housing options. Seniors housing oversight appropriately takes place at the state level, which allows oversight to closely mirror the needs of families within a particular geographical region. Caring for a frail population creates unique challenges, and occasional press reports that sensationalize isolated accidents or injuries in these settings ignore a track record of safety for the overwhelming majority of residents. The fact is that state oversight has been effective in all 50 states and the District of Columbia, and time and again, the seniors housing profession, state regulators, and consumers have worked together on state regulatory initiatives to ensure quality. ASHA remains committed to continuing those efforts.

I greatly appreciate the opportunity to speak today, and would like to offer the assistance of the American Seniors Housing Association in the important work of the White House Conference on Aging. Over the years, ASHA and other provider organizations have partnered with consumers and regulators on a host of important initiatives related to quality. Most recently, the seniors housing profession has worked with leading consumer organizations, including AARP and the Alzheimer's Association, to develop the Center for Excellence in Assisted Living (CEAL). CEAL will host a Summit this December in Washington, DC on assisted living quality and best practices. The CEAL is also developing other plans to create a consumer website that will aid consumers, providers, and policymakers. We will be pleased to make the details of our Summit and the educational materials available to the Conferees on Aging.