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IN FOCUS

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Overview of Assisted Living Facilities

Assisted living is a generic term often applied to community-based residential settings that provide housing and meals (i.e., room and board), as well as a range of long-term services and supports (LTSS), to older adults and individuals with disabilities. LTSS can include personal care, medication assistance, and housekeeping, as well as social and other health-related activities. States license these residential settings and refer to them by a variety of names (e.g., board and care homes, adult foster care, personal care homes, group homes, and supported living arrangements, among others). This In Focus uses the term *assisted living facilities* (ALFs) to refer collectively to community-based residential settings.

In 2016, an estimated 28,900 ALFs and similar residential communities provided housing and supportive services to 811,500 residents, according to the most recent *National Study of Long-Term Care Providers* conducted by the Centers for Disease Control and Prevention (CDC). CDC's survey of licensed residential care communities is based on data obtained from state licensing agencies in each of the 50 states and the District of Columbia. To be eligible for this national study, a setting must be licensed, registered, listed, certified, or otherwise regulated by the state to

- provide room and board with at least two meals a day and around-the-clock, on-site supervision;
- help with personal care, such as bathing and dressing, and health-related services, such as medication management;
- have four or more licensed, certified, or registered beds;
- have at least one resident currently living in the community; and
- serve a predominantly adult population.

The estimated number of ALFs from this study is likely an undercount, as it does not include settings licensed to exclusively serve individuals with severe mental illness, intellectual disability, or developmental disability, and it does not include smaller settings with fewer than four beds.

ALFs are considered community-based settings, as opposed to institutional settings such as nursing homes. In comparison, 15,436 nursing homes with 1.6 million total beds participated in Medicare and/or Medicaid as of April 2020. This In Focus provides information on ALF setting characteristics and resident demographics, using data from the 2016 *National Study of Long-Term Care Providers*. It also discusses ALF costs and financing, as well as regulation and oversight.

Residential Setting Characteristics

Assisted living is considered part of a continuum of long-term care services. It is a concept that grew out of a desire to offer housing and services options to seniors and adults with disabilities who generally require a lower level of care than is provided in institutional settings. ALFs typically do not provide the level of skilled nursing and rehabilitation services or continuous care offered in nursing homes. Accommodations such as private rooms, private baths, and kitchenettes vary by setting.

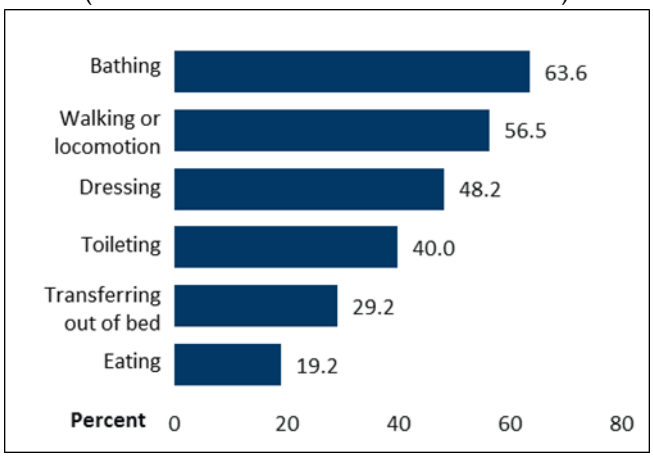
In 2016, ALFs provided capacity for 996,100 licensed beds. Settings ranged in size from 4 to 518 licensed beds, and the average bed capacity was 35 licensed beds. About 8 in 10 ALF providers are for-profit entities, and the majority of providers (57%) are chain-affiliated (i.e., owned by an organization that has two or more communities). Almost half of ALFs surveyed were authorized or certified to participate in the state-federal Medicaid program, which is a means-tested entitlement that finances primary and acute medical care, as well as LTSS.

Resident Demographics

The overwhelming majority of residents in ALFs were aged 65 and over (93.4%), with more than half aged 85 and over (52.1%). Most residents were female (70.6%) and non-Hispanic white (81.4%). About 4 in 10 residents were diagnosed with Alzheimer's disease or related dementia. However, 14.3% of ALFs indicated they offered a dementia care unit within the facility, and another 8.7% served only residents with dementia. ALF residents were most likely to report needing assistance with bathing and walking. Fewer residents reported the need for assistance in transferring from bed or eating (see **Figure 1**).

Figure 1. Percentage of LTSS Users Needing Assistance with Activities of Daily Living

(ALFs and similar residential care communities)



Source: L. Harris-Kojetin, M. Sengupta, et al., *Long-Term Care Providers and Services Users in the United States, 2015–2016*, National Center for Health Statistics, Vital Health Stat 3(43) 2019.

Notes: ALF = Assisted Living Facility; LTSS = Long-Term Services and Supports.

Costs and Financing

The cost of ALF care varies depending on the level of services a resident needs. In addition, ALF costs can vary based on setting size, geographic location, and range of services provided, among other factors. The 2019 *Genworth Cost of Care Survey* found the median annual ALF cost was about $48,600, whereas the median annual cost of nursing home care was more than $90,100 for a semiprivate room and $102,200 for a private room. These estimates are national figures and can vary widely by geographic region. For example, at the state level, the median daily rate for a one-bedroom, single occupancy unit in an ALF ranged from $95 to $371.

Assisted living is predominantly a private pay industry. Residents and their families generally are responsible for paying privately out-of-pocket for room and board, as well as for services provided in these settings; some residents may use private long-term care insurance to cover these costs. The federal Medicare program for the elderly and certain disabled individuals does not cover LTSS provided in ALFs. Medicaid can cover ALF services as Medicaid-covered LTSS for eligible participants; however, Medicaid does not cover room and board. Essentially, the federal Medicaid statute delineates that housing is separate from health and social services provided to an individual in a private home or residential setting. CDC's *Survey of National Long-Term Care Providers* found that 16.5% of residents in ALFs had Medicaid as a payer source for some health and social services in 2016. To assist low-income residents with the cost of room and board, some states and local governments may have state or local-only funded programs, with eligibility based on financial need.

Regulation and Oversight

In general, ALFs and similar residential settings are not regulated by the federal government. Instead, they are licensed and regulated by states. Because ALFs do not receive dedicated federal financing for services similar to nursing homes, the federal government has not set minimum ALF quality or staffing standards that would be parallel to Medicare and Medicaid Requirements of Participation (RoP) for skilled nursing facilities (SNFs) and nursing facilities (NFs). (The federal government also has a regulatory framework for oversight, inspection, investigation, and enforcement of RoP standards that are not applicable to ALFs).

Some large ALFs may include Medicare-covered SNF care or Medicaid NF care. For example, ALFs could offer such care as part of a continuum of services in Continuing Care Retirement Communities. Institutional care provided in such multipurpose settings must meet Medicare and/or Medicaid RoPs to receive program payments.

In addition, ALFs may provide Medicare- and Medicaid-covered services such as home health or personal care to their residents, similar to the way these services otherwise would be provided in a private residence. ALF providers that seek Medicare or Medicaid reimbursement for home health services must meet federal home health agency requirements. ALFs that seek Medicaid reimbursement for personal care and other Medicaid-covered LTSS must meet state-based Medicaid provider requirements. Alternatively, ALFs may contract with Medicare or Medicaid providers to offer covered home health, personal care, and other covered LTSS in their settings to participating residents.

States that choose to cover certain Medicaid-covered LTSS provided in ALFs may provide the services under their Medicaid state plan or under a federal waiver program. States most frequently provide assisted living services under Section 1915(c) of the Social Security Act, which provides Home- and Community-Based Services (HCBS) waiver authority subject to approval by the federal Centers for Medicare & Medicaid Services (CMS). CMS requires state waiver agreements to include specific statutory and regulatory requirements and assurances, including that the state will safeguard Medicaid participants' health and welfare. States must identify, subject to CMS agreement, the type of information they will collect and provide to CMS to review as evidence in meeting these requirements.

On January 16, 2014, CMS issued a final rule for Medicaid participants receiving HCBS, effective March 17, 2014. The rule established certain requirements for home- and community-based settings, including requirements for provider-owned or controlled settings such as ALFs. To receive federal reimbursement, states must ensure that Medicaid HCBS are delivered in settings that meet certain qualities, such as being integrated in the community, offering residents choice among settings, ensuring residents' rights and personal independence, and offering choice of services or providers. Provider-owned or controlled settings also must meet the following conditions: tenancy agreements, residents' privacy within their units, residents' ability to control their own schedules and visitor access, and physical accessibility. The final rule requires states to develop a process, approved by CMS, to transition their current programs into compliance with the home- and community-based setting requirements within a five-year period. CMS extended the transition period for compliance until March 17, 2022.

Long-Term Care Ombudsman Program

The Long-Term Care Ombudsman Program (LTCOP) is a consumer-advocacy program that aims to improve the quality of care and the quality of life for residents in nursing homes, ALFs, and similar residential communities by responding to the needs of those facing problems in such facilities. There are 53 LTCOPs operating in all 50 states, the District of Columbia, Guam, and Puerto Rico, and 523 local programs as of 2018. LTC ombudsmen complement state officials who enforce facility-focused quality standards required under state statute or regulation. Among their many functions, ombudsmen provide services to protect residents' health, safety, welfare, and rights; to resolve residents' complaints about the quality of their care; and to provide information, education, and consultation to residents, families, and staff regarding resident interests.

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