

Valuation of Senior Healthcare: Introduction

Elderly adults have more options than ever before for where and how to receive healthcare services. Many seniors who require healthcare services still desire some form of independent living; consequently, new models of senior care have developed, which models vary as to care level and reimbursement requirements, better to meet the demands of this growing age cohort. This first installment in a five-part series on the valuation of senior healthcare services provides a brief overview of the various enterprises and services that comprise the senior care industry, in ascending order of care intensity.

Independent Retirement Community

Retirement communities are residential areas where seniors are close to fully independent, but can access many medical services within the community or nearby.¹ These communities have housing arrangements designed exclusively for seniors, which can include varied housing setups, such as apartments or freestanding homes.² Most communities are designed compactly to ensure easy navigation and provide yard maintenance for the residents³ and may offer a variety of community-focused activities, services, and amenities that provide residents with opportunities to build bonds with others.⁴ Residents need little or no assistance with daily living activities and do not require continuous medical monitoring.⁵

Continuing Care Retirement Community

The *continuing care retirement community* (CCRC) model allows seniors the choice of where they live based on how much assistance they need, with the option to move on to a different, more intensive care option if needed. CCRCs may combine independent living, assisted living, and nursing home care (which may include memory care), in a “*step-up*” model.⁶ CCRC residents can start by living independently and, if needed, a transition to assisted living or skilled nursing to receive medical care or help with daily activities.⁷ Resident living spaces are designed for elderly adults, and typically include nonslip floors, grip bars, elevators, and easily accessible entrances. Typically, a variety of meal plan options for residents is included in the amenities offered by these entities.

Adult Day Care

Adult day care (ADC) centers look after the needs of seniors during the day in a safe and monitored environment.⁸ These facilities can provide an array of

services, from health monitoring to speech therapy.⁹ ADCs may also aid seniors with many non-medical needs, such as entertainment or grooming.¹⁰ These facilities operate during regular business hours and are not available 24/7.¹¹ There are three main types of ADCs: those that focus on social interaction, those that provide medical care, and those dedicated to Alzheimer’s disease care.¹² The average senior utilizing these services has some form of cognitive impairment and requires some assistance with daily activities.¹³ ADCs provide caregivers (typically family members) relief from around-the-clock care, so that caregivers have time to go to work while also providing seniors with social interaction.¹⁴ Some centers also provide transportation, so that seniors can go to health appointments or participate in community functions.¹⁵

Assisted Living Facilities

Assisted living facilities (ALFs), which may also be called residential care facilities, are intended for seniors who need a relatively small amount of assistance with some daily activities, but still wish to live independently in private apartment units.¹⁶ Most ALFs incorporate a community environment, with group dining and planned social activities.¹⁷ Much of the assistance provided to residents centers on basic living activities, such as bathing and eating, but the services provided can be tailored to each resident’s individual needs.¹⁸ While most ALFs are not equipped for advanced skilled medical care, they often have nursing staff on-premises for residents, and some ALFs may also be equipped to care for residents with memory impairment or other degenerative aging diseases.¹⁹ Meal service is typically considered a standard amenity at ALFs,²⁰ and most facilities also provide transportation, so that residents can go to healthcare providers, grocery stores, or even the movies.²¹ ALFs are considered the middle ground between independent living communities and nursing facilities.²² ALFs may be the best options for seniors who may need help soon, but can still live somewhat independently at present.²³

Adult Foster Care

Adult foster care facilities, which are more common in rural areas, are usually more “*home-like*,” which provides comfort to the resident.²⁴ These facilities primarily focus on non-medical care, such as assistance with daily living, but also dispense medications.²⁵ Most states limit the

number of residents in a given foster home to five.²⁶ Adult foster care is contrasted with ALFs in that foster care serves fewer residents, and care providers typically live in the house with the residents.²⁷ The level of care provided in an adult foster care facility can vary depending on the needs of the patient, and the qualifications of the personnel – some adult foster care facilities can provide the same level of care as a nursing home facility. In contrast, other facilities provide minimal services, as if the resident was living in an independent living community.²⁸ Many families find adult foster care facilities to provide greater flexibility than ALFs because resident needs can change quickly, especially with degenerative aging diseases such as Alzheimer’s disease.²⁹

Nursing Care Facilities

Nursing care facilities dominate the senior healthcare industry, with approximately 1.3 million individuals residing in nursing homes in a given year.³⁰ The two senior nursing care service lines, which are typically located within the same building, are skilled nursing facilities (SNFs) and nursing home facilities.

SNFs provide a wide breadth of medical and non-medical assistance,³¹ ranging from meal preparation to specialized nursing services, such as rehabilitation.³² SNF providers may include physicians, registered nurses (RNs), speech pathologists, audiologists, and rehabilitation specialists.³³ Skilled nursing care is provided for rehabilitation patients who do not require long-term care services,³⁴ with most SNF stays lasting between 20 and 100 days.³⁵ Care provided at a SNF is referred to as post-acute care because it serves as a transitional care point for patients between hospital discharge (typically after an emergency stay) and their return home.³⁶

Nursing home care is similar to SNF care; however, it often provides more non-medical assistance and lacks on-site licensed medical practitioners.³⁷ Unlike SNFs, nursing homes offer permanent custodial care, which

may last for the remainder of the senior’s life (indefinite custodial care).³⁸ Residents may require more daily custodial non-medical assistance such as bathing, grooming, and help with mobility.³⁹ Patients in nursing homes are distinguished from patients in SNF care because they may not recover to an extent to live independently.

Hospice Care Facilities

Hospice care facilities provide seniors with symptom relief and pain management near the end of life.⁴⁰ Hospice facilities administer care in terms of comfort to seniors with life-limiting illnesses or diseases.⁴¹ Hospice care providers may be an interdisciplinary team of care professionals to aid the patient and the family with the process of death.⁴² Hospice care is utilized when a patient has six months or less to live.⁴³ Some hospice care can be provided in the home of the patient, while hospice clinics are used for complex patients.⁴⁴ Seniors do not always choose end-of-life care, but it is becoming a more frequently-preferred option due to increased knowledge of the option and less stigma surrounding utilizing the option.⁴⁵

Conclusion

The demand for senior services is expected to increase. The number of Americans ages 65 and older will nearly double from 52 million in 2018 to 95 million in 2060, comprising 23% of the U.S. population.⁴⁶ Not only is the U.S. population expected to shift to comprise a larger cohort of seniors, but these individuals are also expected to live longer, with the average life expectancy in the U.S. currently at 78.7 years.⁴⁷ Consequently, senior care will undoubtedly play an increasingly important role in the U.S. healthcare industry going forward.

Future installments in this senior care series will discuss: (1) the regulatory environment of the senior healthcare industry; (2) the reimbursement environment of various senior care services; (3) the competitive environment of this industry; and, (4) the technological advancements affecting senior healthcare services and organizations.

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