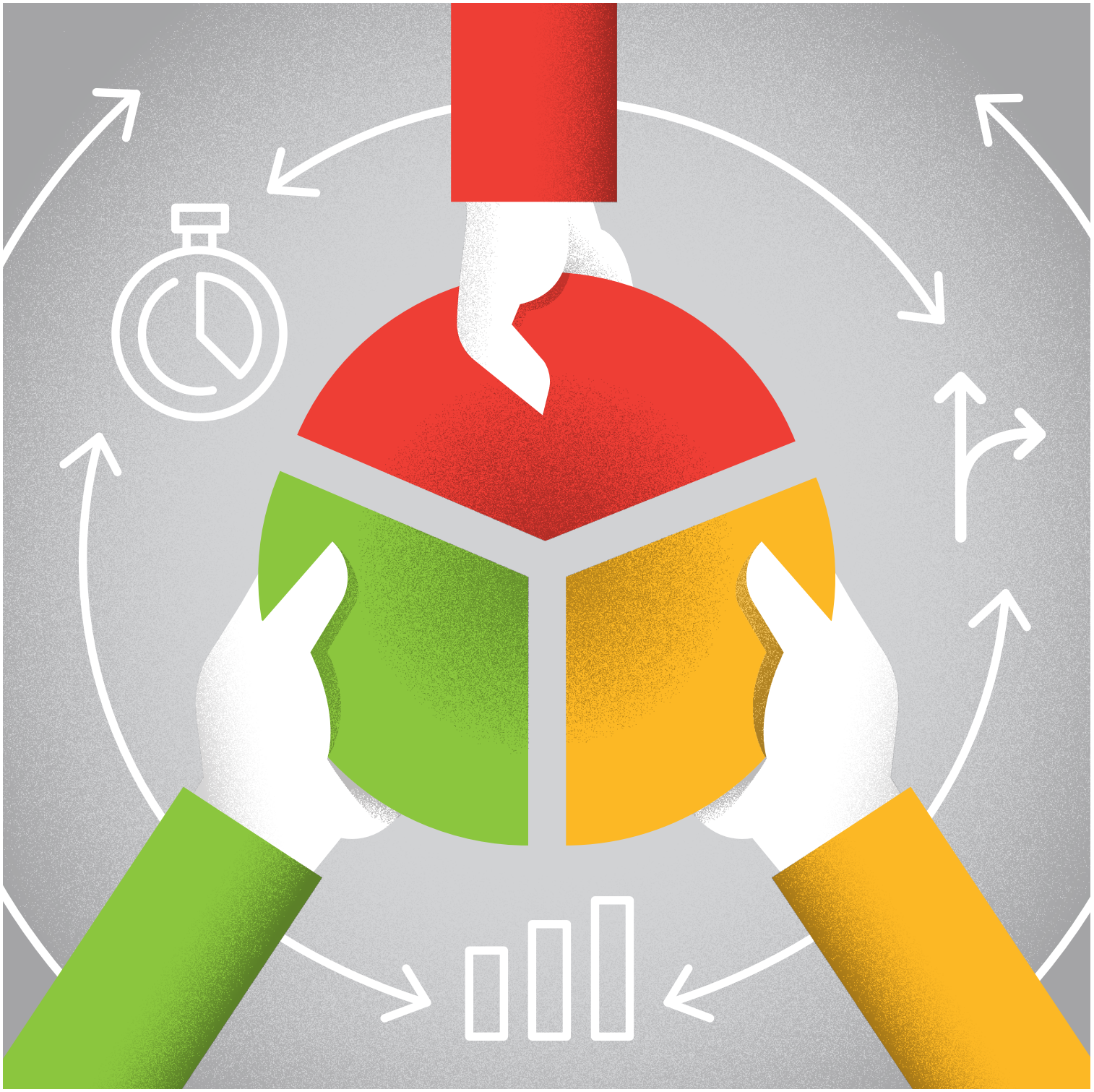
SEPTEMBER/OCTOBER 2020

The Value Examiner®

A PROFESSIONAL DEVELOPMENT JOURNAL *for the* CONSULTING DISCIPLINES



HEALTHCARE INSIGHTS

Valuation of Senior Healthcare (Part I of III)

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Elderly adults have more options than ever before when it comes to 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. These models vary as to care level and reimbursement requirements to better meet the demands of this growing age cohort.

In this three-part series on the valuation of senior healthcare, we examine the "Four Pillars" of the industry: the reimbursement, regulatory, competitive, and technological environments affecting senior healthcare services and organizations. Part I provides a brief overview of the various enterprises and services that make up the senior care industry. It also discusses the differing reimbursement levels and coverage for these enterprises and services, ranging from Medicare, Medicaid, and commercial insurance to no coverage at all (many long-term care options are paid for solely by the senior).

Overview

Independent Retirement Communities

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 residents[3] 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 Communities

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, 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, the amenities these entities offer include a variety of meal plan options for residents.

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] ADC centers may also aid seniors with many nonmedical needs, such as entertainment or grooming.[10] These facilities operate during regular business

1 Lawrence Robinson, Joanna Saisan, and Doug Russell, "Independent Living for Seniors," HelpGuide, updated July 2019, https://www.helpguide.org/articles/senior-housing/independent-living-for-seniors.htm.
2 Ibid.
3 Ibid.
4 Ibid.
5 Ibid.
6 "How Continuing Care Retirement Communities Work," Family Caregiving, Basics, AARP, updated October 24, 2019, https://www.aarp.org/caregiving/basics/info-2017/continuing-care-retirement-communities.html.
7 Ibid.
8 "What Is Adult Day Care?" National Caregivers Library, accessed March 3, 2020, http://www.caregiverslibrary.org/caregivers-resources/grp-caring-for-yourself/hsgrp-support-systems/what-is-adult-day-care-article.aspx.
9 Ibid.
10 Ibid.

hours and are not available 24-7.[11] There are three main types of ADC centers: 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] ADC centers 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 focus primarily on nonmedical 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 residents were 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 nonmedical 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

11 Ibid.
12 Ibid.
13 Ibid.
14 Ibid.
15 Ibid.
16 "Assisted Living Facilities—An Overview," Paying for Senior Care, updated July 10, 2020, https://www.payingforseniorcare.com/assisted-living.
17 Ibid.
18 Ibid.
19 Ibid.
20 Meal costs are usually included in the resident's monthly bill. "Assisted Living Facilities—An Overview" (*see* n. 16).
21 Ibid.
22 Ibid.
23 Ibid.
24 "Adult Foster Care for the Elderly & Financial Assistance Options," Paying for Senior Care, updated August 20, 2019, https://www.payingforseniorcare.com/adult-foster-care.
25 Ibid.
26 Ibid.
27 Ibid.
28 Ibid.
29 Ibid.
30 "Nursing Home Care," National Center for Health Statistics, Centers for Disease Control and Prevention, reviewed May 20, 2020, https://www.cdc.gov/nchs/fastats/nursing-home-care.htm.
31 "The Difference Between Skilled Nursing and Nursing Home Care," FamilyAssets Group LLC, updated March 8, 2018, https://www.familyassets.com/nursing-homes/resources/skilled-nursing-vs-nursing-home.
32 Ibid.
33 Ibid.

who do not require long-term care services,[34] with most SNF stays lasting between 20 and 100 days.[35] Care provided at an 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, but it often provides more nonmedical 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 nonmedical 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 the extent necessary to live independently.

Hospice Care Facilities

Hospice care facilities provide seniors with symptom relief and pain management near the end of life,[40] administering 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, which is utilized when a patient has six months or less to live,[43] can sometimes be provided in the home of the patient, although 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 as knowledge about these services increases and the stigma surrounding them decreases.[45]

34 Ibid.
35 Ibid.
36 Ibid.
37 Ibid.
38 Ibid.
39 Ibid.
40 Jack Curran, "IBISWorld Industry Report 0D4952: Hospice & Palliative Care Centers in the U.S.," *IBISWorld* (April 2019): 2.
41 Ibid.
42 "What is Hospice?," Hospice Foundation of America, Health and Medical Research Charities of America, accessed March 3, 2020, https://hospicefoundation.org/Hospice-Care/Hospice-Services.
43 Ibid.
44 Ibid.
45 "Hospice Care," Aging in Place, updated August 2020, https://www.aginginplace.org/hospice-care.

Reimbursement

Independent Retirement Communities

The cost of retirement communities can vary greatly. Some communities, such as subsidized senior housing, are funded by the U.S. Department of Housing and Urban Development (HUD), making this option more affordable.[46] Other communities target affluent seniors and offer numerous amenities to community residents, such as spas and housekeeping services.[47] Retirement communities branded as all-inclusive will often have an entrance fee,[48] and generally, the more expansive the amenities list, the more expensive the option. Entry fees to retirement communities can range from $1,800 to $600,000.[49] Additionally, retirement communities may have monthly fees based on the level of service chosen and the scope of benefits.[50] Retirement communities do not necessarily provide any medical services, but rather housing and amenities.

There is no Medicare or Medicaid coverage, and minimal commercial insurance reimbursement, for housing or nonmedical services provided in these communities. Consequently, retirement communities receive entry fees and monthly fees from the resident.

Continuing Care Retirement Communities

The flexibility of CCRCs renders them a more expensive option, so they are typically marketed to the more affluent senior community. Two-thirds of CCRCs charge entry fees,[51] which average $329,000, but can reach well over $1 million.[52] And residents pay additional fees, such as maintenance or service fees averaging $2,000 to $4,000 per month.[53] For CCRCs offering no up-front costs, rental units average $3,000 to $6,000 per month in addition to maintenance or service fees.[54]

46 Robinson et al., "Independent Living for Seniors" (*see* n. 1).
47 Ibid.
48 "What is the Average Cost of a Senior Independent Living Community?," Acts Retirement-Life Communities, February 13, 2019, https://www.actsretirement.org/latest-retirement-news/blog/2019/2/13/what-is-the-average-cost-of-a-senior-independent-living-community.
49 Ibid.
50 Ibid.
51 "How Continuing Care Retirement Communities Work" (*see* n. 6).
52 Ibid.
53 Ibid.
54 Ibid.

There are five categories of residency agreements offered by CCRCs:[55]

1. **Extensive:** Residents pay an entry fee and a monthly fee that does not increase upon transfer to an assisted living or skilled nursing facility at the CCRC. The entry fee and monthly fee prepay the costs of healthcare and long-term care.
2. **Modified life care:** Residents pay an entry fee and monthly fee that may increase upon transfer to higher levels of care, but not to the full cost of that care. There is still a prepayment of some future healthcare and long-term care costs through the entry fee, but it is limited.
3. **Fee-for-service:** Residents pay an entry fee and monthly fee that changes as the level of care changes. Residents must pay the full costs of any care provided, and there is no prepayment.
4. **Equity model:** Residents do not have to pay an entry fee, but instead must purchase a unit, membership, or equity stake in the community. Upon death, the resident's estate sells the unit, membership, or equity stake to a new resident, which provides additional funds to the estate. Future healthcare is provided by prepayment via monthly fees or a separate healthcare fee.
5. **Rental/lease:** A monthly fee is paid that increases with the level of care—no prepayment or entry fee is required.

CCRCs may also offer a variety of services on-site, including pharmacies, wellness centers, and outpatient centers.[56] A CCRC may provide some or all of the other service lines mentioned throughout this article. Depending on the service provided, the CCRC may be reimbursed by Medicare, Medicaid, or the patient.

There is no Medicare or Medicaid coverage, and minimal commercial insurance reimbursement, for housing or nonmedical services provided in these communities.

Adult Day Care

State Medicaid programs are increasingly covering the care provided at ADC centers,[57] and many programs are insisting on the use of ADC centers over the use of nursing homes because it reduces the number of nursing home admissions, which are also paid for by Medicaid, and usually at a much higher rate.[58] In 2019, the average annual cost for an ADC center was $19,500.[59]

As of 2019, all states offer some form of Medicaid assistance for ADC, although the circumstances under which Medicaid will pay for ADC varies.[60] The state programs most likely to cover ADC facilities are called Medicaid waivers, also referred to as HCBS waivers, 1915(c) waivers, 1115 demonstration waivers, or

55 "Older Americans: Continuing Care Retirement Communities Can Provide Benefits, but Not Without Some Risk," United States Government Accountability Office (June 2010): 5–6, https://www.gao.gov/new.items/d10611.pdf.
56 Ibid.
57 "What Is Adult Day Care?" (*see* n. 8).
58 Gabriel Heiser, "Does Medicare Cover Adult Day Care Expenses?," Aging Care, updated October 1, 2019, https://www.agingcare.com/articles/medicare-medicaid-adult-day-care-coverage-146635.htm; "What Is Adult Day Care?" (*see* n. 8).
59 "Cost of Care Survey 2019," Genworth Financial, https://www.genworth.com/aging-and-you/finances/cost-of-care.html.
60 "Medicaid's Adult Day Care/Adult Day Health Care Benefits & Eligibility," Paying for Senior Care, updated January 27, 2020, https://www.payingforseniorcare.com/medicaid-waivers/adult-day-care.

home and community-based services waivers.[61] Medicaid waivers allow states to provide long-term care outside of nursing homes.[62] The states with Medicaid waiver programs often have higher income limits than regular Medicaid programs,[63] resulting in a greater number of potential ADC patients; however, this often leads to enrollment caps and waiting lists.[64] Fifteen states offer ADC benefits through regular Medicaid programs,[65] with no cap on enrollments; however, there may still be waiting lists.[66]

Access to ADC centers has become more prevalent as such facilities have begun providing services for patients with dementia or Alzheimer's disease.[67] Significantly, ADC centers offering such specialized services may be costly to the patient, or their families, if those services are not covered by Medicaid.[68]

In addition to Medicaid coverage, many Medicare Advantage plans provide partial coverage for ADC services.[69]

Assisted Living Facilities

ALF services are not reimbursed by most private payors, Medicare, or Medicaid.[70] Due to the lack of reimbursement, this option can be costly for many seniors—in 2019, the average annual cost for an ALF was $48,612.[71] However, certain ALF services may be reimbursed by Medicaid, such as nursing care, medical exams, and medication management.[72] While 44 states now provide some form of financial assistance to seniors in assisted living,[73] no Medicaid program is permitted to pay for room and board.[74] Additionally, the state may offer supplemental Social Security assistance to cover some ALF living costs.[75] Consequently, most ALF reimbursement comes from the patient.

Adult Foster Care

As with other senior care options, the cost of adult foster care can vary depending on the geographic region[76] and other factors, but averages between $24,000 and $48,000 per year.[77] And seniors seeking more privacy and a higher level of service can expect a 30 percent premium or more.[78] Nevertheless, adult foster care generally costs less than an ALF or nursing home.[79]

Adult foster care is increasingly popular in the private pay market, allowing facilities to cater to specific clientele at different price points.[80] Consequently, the majority of adult foster care reimbursement comes from individual senior payment.[81] While Medicare offers no coverage for adult foster care, Medicaid may cover a portion of the monthly fee for these facilities.[82] The model has been adapted to work for low-income and Medicaid-eligible seniors, with states utilizing adult foster care as an alternative to nursing homes for Medicaid waiver beneficiaries.[83] However, Medicaid does not typically cover room and board.[84] Notably, state-specific Social Security benefits, in some cases, can be paid directly to an adult foster care facility to help cover the cost of care.[85]

Nursing Care Facilities

Nursing care facilities dominate the senior healthcare industry in terms of market share, and house approximately 1.3 million people in a given year.[86] Nursing facilities generally care for older patients who are more prone to injury and illness and thus are more likely to require more intensive medical services.[87] The two senior nursing care service lines, which are typically located within the same building, are SNFs and nursing home facilities.

SNF facilities provide care to patients for short durations

61 Ibid.
62 Ibid.
63 Ibid.
64 Ibid. Note that all Medicaid programs have some limit on the number of ADC benefits that a single beneficiary can receive.
65 Ibid.
66 Ibid.
67 Ibid.
68 "What Is Adult Day Care?" (*see* n. 8).
69 Heiser, "Does Medicare Cover Adult Day Care Expenses?" (*see* n. 58).
70 "Assisted Living Facilities—An Overview," (*see* n. 16).
71 "Cost of Care Survey 2019" (*see* n. 59).
72 "Assisted Living Facilities—An Overview."
73 Ibid.
74 Ibid.
75 Ibid.
76 "Medicaid's Adult Day Care/Adult Day Health Care Benefits & Eligibility" *(see* n. 60).
77 Ibid.
78 Janet O'Keeffe, Christine O'Keeffe, and Shulamit Bernard, *Using Medicaid to Cover Services for Elderly Persons in Residential Care Settings: State Policy Maker and Stakeholder Views in Six States* (Washington, D.C.: U.S. Department of Health and Human Services, 2003), 2, https://aspe.hhs.gov/system/files/pdf/72811/med4rcs.pdf.
79 "Medicaid's Adult Day Care/Adult Day Health Care Benefits & Eligibility" *(see* n. 60).
80 O'Keeffe, et al., Using Medicaid to Cover Services *for Elderly Persons*.
81 Ibid.
82 "Medicaid's Adult Day Care/Adult Day Health Care Benefits & Eligibility."
83 O'Keeffe, et al., Using Medicaid to Cover Services *for Elderly Persons*.
84 O'Keeffe, et al., *Using Medicaid to Cover Services for Elderly Persons*, 3.
85 "Medicaid's Adult Day Care/Adult Day Health Care Benefits & Eligibility."
86 "Nursing Home Care" (*see* n. 30).
87 Dmitry Diment, "IBISWorld Industry Report 62311: Nursing Facilities in the U.S.," *IBISWorld* (October 2019): 5.

after an inpatient hospital stay.[88] Medicare fully covers SNF stays for up to 20 days, and partially covers SNF stays over 20 days and up to 100 days.[89] SNF admissions and payments have declined in recent years as hospital inpatient stays (a prerequisite to Medicare coverage of an SNF stay) have decreased.[90] Declines in SNF use may also reflect broader trends toward value-based reimbursement, such as accountable care organizations (ACOs) and bundled payment models, which incentivize lower use of SNF facilities.[91] ACOs have lowered spending by shortening stays in SNFs.[92] Value-based healthcare delivery and reimbursement trends have negatively affected SNFs, causing the reduced volume of patients, mandatorily shortened stays, and claims denials.[93] Currently, Medicare's SNF payment model favors treating rehabilitation patients over medically complex patients.[94] However, in October 2019, CMS adjusted the SNF payment model to better reflect the clinical needs of patients.[95] The redesign seeks to increase payments for medically complex patients who may have higher costs.[96]

In 2018, the SNF value-based purchasing (VBP) program began providing incentive payments[97] to SNFs based on the achievement of certain quality measures, such as readmissions for any cause within 30 days of hospital discharge.[98] In 2019, 73 percent of SNFs failed to meet the prescribed quality measures (resulting in payment reductions), and only 3.1 percent of SNFs have achieved the "best performance" category.[99] Payment reductions are likely to persist in the industry due to the mixed quality results.[100]

The Medicare profit margin varies widely across facilities, which may reflect the shortcomings of SNFs or of the payment system generally.[101] In 2018, the average Medicare margin for SNFs was 10.3 percent, the 19th year it was above 10 percent.[102] Perhaps in a move to rectify this discrepancy, CMS increased 2020 SNF payments by 2.4 percent from 2019 levels.[103]

Long-term nursing care (nursing homes) caters to an older demographic, with 80 percent of all nursing home residents over 65 years old (i.e., Medicare

The Medicare profit margin varies widely across facilities, which may reflect the shortcomings of SNFs or of the payment system generally.

88 "Skilled Nursing Facility Services," chap. 8 in *March 2020 Report to the Congress: Medicare Payment Policy* (Washington, D.C.: Medicare Payment Advisory Commission, 2020), 226, http://www.medpac.gov/docs/default-source/reports/mar20_medpac_ch8_sec.pdf.
89 "The Difference Between Skilled Nursing and Nursing Home Care" (*see* n. 31).
90 "Skilled Nursing Facility Services," 226.
91 Ibid.
92 Ibid., 226–227.
93 Ibid., 227.
94 Ibid., 220.
95 Ibid.
96 Ibid.
97 Equal to 2 percent of payments withheld from SNFs. Ibid., 228.
98 "Fiscal Year 2020 Payment and Policy changes for Medicare Skilled Nursing Facilities (CMS-1718-F)," Centers for Medicare & Medicaid Services, July 30, 2019, https://www.cms.gov/newsroom/fact-sheets/fiscal-year-2020-payment-and-policy-changes-medicare-skilled-nursing-facilities-cms-1718-f.
99 "Skilled Nursing Facility Services," 228 (*see* n. 88).
100 Ibid.
101 Ibid., 220.
102 Ibid.
103 "Fiscal Year 2020 Payment and Policy changes for Medicare Skilled Nursing Facilities."

beneficiaries).[104] Nevertheless, long-term nursing care (100+ days) is not covered by Medicare and is primarily reimbursed by Medicaid, the patient, or the patient's private insurance.[105] The care provided at a long-term nursing facility is less intensive than at an SNF.[106] Despite some reimbursement from Medicaid, approximately half of all nursing home residents self-pay.[107] Once a patient's savings and resources are exhausted, the patient is then eligible for Medicaid, which in some states may reimburse for long-term care.[108] While Medicaid eligibility varies significantly from state to state,[109] the average patient must typically have assets valued under $2,000 and monthly income under $2,313 to qualify.[110]

While Medicaid is unlikely to pay for a separate room for patients in long-term nursing care unless there is a medical need, some states allow for "family supplementation" to enable the patient to have a separate room.[111] Medicaid reimbursement rates can vary depending on the state, but on average, Medicaid reimburses at 70 percent of private payors.[112] In 2019, the average cost of a shared room was $90,155 annually or $247 per day.[113] There is considerable variation based on geographic location, with shared rooms ranging from $150 per day to well over $1,000.[114]

Hospice Care Facilities

As discussed above, hospice care is palliative, end-of-life care. Due to the demographics of individuals (mainly seniors) requiring end-of-life care, 90 percent of hospice industry revenue is derived from Medicare (which will reimburse hospice charges if the patient has been certified by a physician as having less than six months to live[115]) or Medicaid.[116] Given the heavy reliance on government reimbursement, any change in reimbursement by Medicare can have profound effects on hospice profit margins; these margins, which were 10.1 percent in 2017, are expected to rise to 10.7 percent by 2024.[117] Recent declines are partly due to reductions in the annual Medicare payment update; in 2014, CMS established a quality reporting program, which reduced by 2 percent a noncompliant hospice's reimbursement.[118] Further, the annual updates to the Medicare payment rate, which are based on the inpatient hospital market basket update, are reduced by a multifactor productivity adjustment, as required by the Patient Protection and Affordable Care Act (ACA).[119]

There are four levels of hospice care, each of which garners a different base rate (see Table 1).[120] Additionally, Medicare imposes limits (hospice caps) on the total amount of annual payments that a hospice provider can receive for specific services and in the aggregate.[121] There are two hospice caps—the inpatient cap and the aggregate cap.[122] The inpatient cap is calculated as a percentage of all hospice days that were provided as inpatient days through a specific period.[123] It limits the number of inpatient days for which a hospice provider can provide services.[124] Once the cap is exceeded, inpatient days are paid at the lower routine home care (RHC) rate.[125] However, most hospice providers do not exceed the inpatient cap limit.[126] The aggregate cap limits the total payments that may be received in a year in the aggregate for an entire patient population.[127] Medicare multiplies the aggregate cap by the total number of patients, and if that number is lower than the actual amount paid to the hospice provider, then repayment is necessary.[128] For 2021, CMS has set the aggregate cap to $30,683.93.[129] In 2017, 14 percent of hospices exceeded the aggregate cap and were forced to repay the excess amount to Medicare.[130]

104 Diment, "IBISWorld Industry Report 62311," 5 (*see* n. 87).
105 FamilyAssets Group LLC, March 8, 2018.
106 "Skilled Nursing Facility Services," 223.
107 Diment, "IBISWorld Industry Report 62311," 18.
108 Ibid.
109 "Nursing Home Costs by State and Region—2019," American Council on Aging, updated October 24, 2019, https://www.medicaidplanningassistance.org/nursing-home-costs.
110 Ibid.
111 Ibid.
112 Ibid.
113 "Cost of Care Survey 2019" (*see* n. 59).
114 "Nursing Home Costs by State and Region—2019."
115 "What is Hospice?" (*see* n. 42).
116 Curran, "IBISWorld Industry Report 0D4952," 5 (*see* n. 40).
117 Curran, "IBISWorld Industry Report 0D4952," 7.
118 "Update to Hospice Payment Rates, Hospice Cap, Hospice Wage Index and Hospice Pricer for FY 2020," Medicare Learning Network, Centers for Medicare & Medicaid Services, August 20, 2019, 2, https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/downloads/MM11411.pdf.
119 Ibid.
120 "Hospice Services," chap. 12 in *March 2020 Report to the Congress: Medicare Payment Policy*" (Washington, D.C.: Medicare Payment Advisory Commission, 2020), 330, http://www.medpac.gov/docs/default-source/reports/mar20_medpac_ch12_sec.pdf.
121 Ibid., 326.
122 "Update to Hospice Payment Rates," 3.
123 Ibid.
124 "Hospice Services," 331 (*see* n. 121).
125 Ibid.
126 Ibid.
127 Ibid., 326.
128 Ibid., 332.
129 Medicare Program; FY 2021 Hospice Wage Index and Payment Rate Update, 85 Fed. Reg. 47,086 (Aug. 4, 2020), https://www.govinfo.gov/content/pkg/FR-2020-08-04/pdf/2020-16991.pdf.
130 Ibid., 47,084.

Table 1: Four Levels of Hospice Care

Category	Description	2021 Base Rate
Routine Home Care (RHC)	Home care provided days 1-60 Home care provided days 61+	$199.25 $157.49
Continuous Home Care (CHC)	Home care provided during a patient crisis	$1,432.41 (Hourly rate: $59.68)
Inpatient Respite Care (IRC)	Inpatient care for a short period to provide respite for a caregiver	$461.09
General Inpatient Care (GIC)	Inpatient care to treat symptoms that cannot be managed in other settings	$1,045.66

Future Reimbursement Trends

The variation in senior healthcare delivery is likely to persist well into the future, driven by the differing needs of patients. Further, government reimbursement for these services may be forced to expand as seniors become an increasingly significant segment of the population. Senior care models that can scale to different income levels and reimbursement methods will likely be well positioned for future changes.

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 percent of the U.S. population.[131] 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.[132] Consequently, senior care will undoubtedly play an increasingly important role in the U.S. healthcare industry going forward.

Part II of this series will discuss the senior healthcare industry's regulatory environment, and Part III will discuss the industry's competitive environment and technological advancements that affect senior healthcare services and organizations. VE

131 "Fact Sheet: Aging in the United States," Population Reference Bureau, July 15, 2019, https://www.prb.org/aging-unitedstates-fact-sheet.
132 Most recent data as of 2018. "Mortality Data," National Center for Health Statistics, Centers for Disease Control and Prevention, accessed March 3, 2020, https://www.cdc.gov/nchs/nvss/deaths.htm.

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