



Specialty care

Get Smart guide

COMMERCIAL INSIGHT CENTER SM

Understanding senior living communities

We know how important it is to be informed about the businesses and institutions you work with. That's why we developed this guide covering the statistics, trends, key terms and regulations regarding senior living communities.

With this Get Smart guide, we can help you learn the things you need to know to write this type of business.





What are senior living communities and services?

Senior living communities encompass a wide variety of institutions that provide a spectrum of housing or independent living services and care to the elderly (typically defined as persons age 55 and older). See [“Key terms to know”](#) for the types of communities and their definitions.





Profile of a typical senior living community and service provider

Typically, a senior living community:

- Primarily serves the population of those age 65 and older
- Is just a branch of a senior care industry; adult day centers, home health agencies, hospices and other residential care centers represent other care options
- Helps promote independence among residents while offering the chance to stay socially active
- Has access to skilled nursing, rehabilitative and primary care services as needed

Services offered (not always available at all levels of care):

- Housekeeping and laundry
- Transportation options
- Health and exercise programs
- Dining options
- Medication management
- Extra amenities such as classes and workshops, dance lessons, field trips and other services¹

Services more typical of memory care or skilled nursing levels of care:

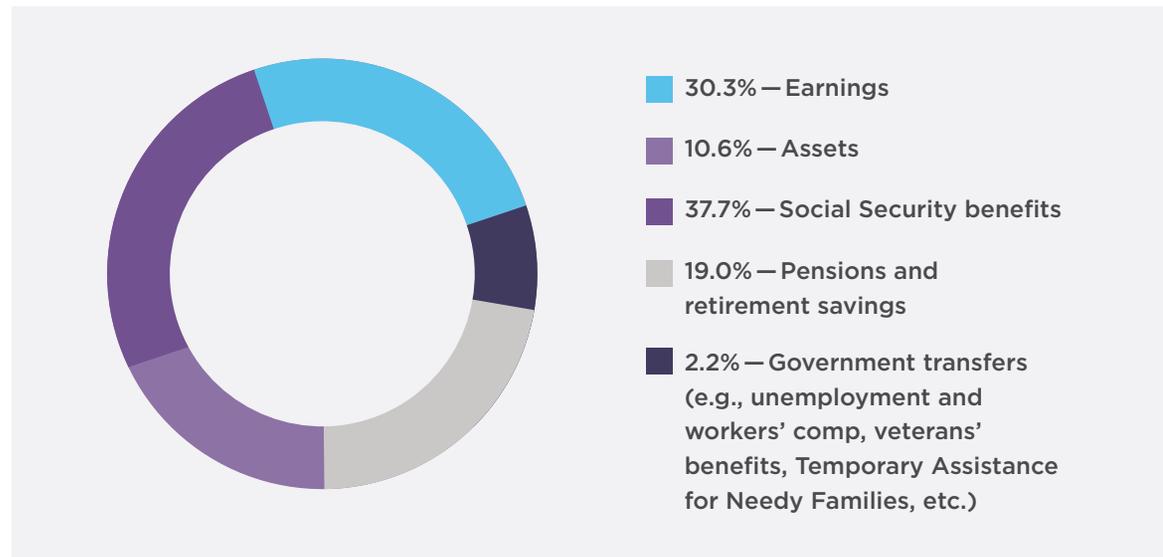
- 24-hour access to care staff and nurses
- Alzheimer's disease and dementia care
- Rehabilitation services

¹ "Beyond Bingo: Activities at Senior Centers Today," APlaceForMom.com Senior Living Blog, <https://www.aplaceformom.com/blog/beyond-bingo-activities-at-todays-senior-communities> (December 2019).



Profile of a typical senior living community and service provider (cont'd)

Breakdown of average total income for people age 65 and older (2012)²



Note: Percentages do not combine to equal 100 percent because other cash income, such as family financial assistance, is not shown.

² "Sources of Income for Older Americans, 2012," AARP Public Policy Institute, https://www.aarp.org/content/dam/aarp/research/public_policy_institute/econ_sec/2013/sources-of-income-for-older-americans-2012-fs-AARP-ppi-econ-sec.pdf (2013).



Importance of senior living communities

Growth in the population age 65 or older translates into growth in the senior living industry



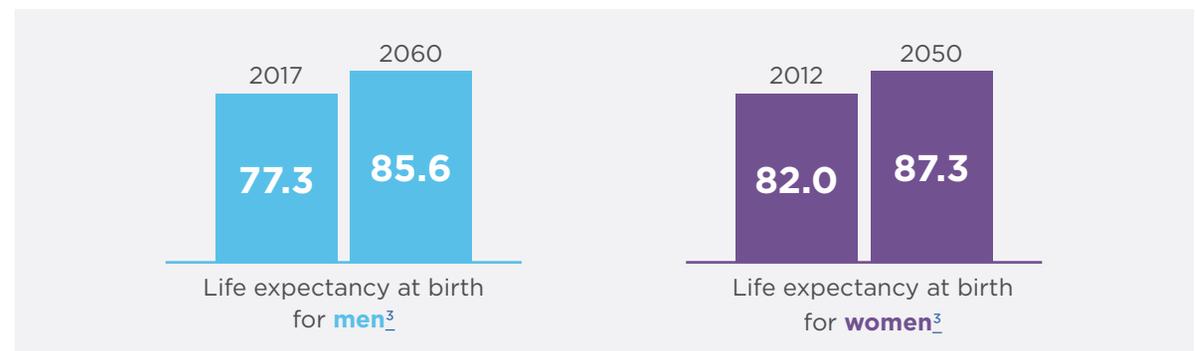
Age 65 and older

will grow from around 13% in 2010 to over 20% by 2030³

Ages 18 - 64

percentage will decline from 2010 to 2030³

Longer life expectancies⁴



As people age and live longer, disabilities (defined as issues with hearing, vision, cognition or mobility) rise sharply, going from 25% for those age 50 or older to 68% for those age 85 or older.⁴

³ "Living Longer: Historical and Projected Life Expectancy in the United States, 1960 to 2060." Census.gov, <https://www.census.gov/content/dam/Census/library/publications/2020/demo/p25-1145.pdf>

⁴ "Housing America's Older Adults: Meeting the Needs of an Aging Population," Joint Center for Housing Studies of Harvard University, http://www.jchs.harvard.edu/sites/jchs.harvard.edu/files/jchs-housing_americas_older_adults_2014.pdf (2014).



Where the market is going

Trend 1: There's an ongoing shift from skilled nursing communities to continuing care communities or at-home care.

Skilled nursing facilities are on the decline as a growing number of older adults choose to live at home or have greater options for residential home and community-based services.

Furthermore, households increasingly struggle to afford long-term care facilities due to income constraints and a decline in long-term care insureds.⁵

Many seniors are choosing to stay in their homes or take advantage of assisted living communities or a growing sector of nontraditional housing options such as senior cohousing, in which a group of seniors share a common property with attached houses or condos.⁶

Trend 2: More affordable senior living alternatives will become popular.

These will become more popular as affordability becomes an increasing concern due to pension plan cuts, decline in median household incomes, depletion of retirement savings since the Great Recession of 2008⁴ and the growing financial strains of government programs such as Medicaid.⁷ Current policy supports the transition from institutions to community-based services and care.

Trend 3: Telemedicine and technology use is on the rise.

Smart technology, such as patient sensors, is being used to detect falls in senior living communities. Over time, this can help lower overall health care costs and improve health outcomes for seniors.⁸

Related wearable technologies, including integrated fitness systems, GPS monitoring, and even medication dispensing gadgets, are being utilized more frequently and can potentially have a positive impact on overall care costs and reduced liability for senior living organizations.

⁵ "Housing America's Older Adults 2018," Joint Center for Housing Studies of Harvard University, https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_Housing_Americas_Older_Adults_2018_1.pdf (2018).

⁶ "Elder Cohousing," AARP, https://www.aarp.org/home-garden/housing/info-01-2011/elder_cohousing.html (Jan. 31, 2011).

⁷ "The Long-Term Care Financing Crisis," The Heritage Foundation, <https://www.heritage.org/health-care-reform/report/the-long-term-care-financing-crisis> (Feb. 6, 2013).

⁸ "How Wearable Tech Makes Senior Living Smarter," Senior Housing News, <https://seniorhousingnews.com/2017/08/31/wearable-tech-makes-senior-living-smarter> (Aug. 31, 2017).



Where the market is going (cont'd)

Trend 4: Accelerated electronic health record adoption will help efficiency but may cause additional cyber exposures.

Trend 5: There are increasing concerns about social media sharing and privacy in senior living communities.

There have been alarming incidents recently of social media abuse and privacy violations of residents at senior living communities by employees.⁹

Although some of these instances have been prosecuted, our laws haven't caught up in all situations to this new kind of elder abuse, putting the onus on senior living communities for strict social media and cellphone usage policies.¹⁰

Trend 6: More and more senior living facilities are offering additional amenities and services, such as classes and workshops, restaurants, fitness centers and field trips.¹⁰

Trend 7: Talent and recruiting challenges will become more of a problem.

The demand for talent within the senior living industry is high — over a million new workers will be needed by 2025.¹¹

With an aging population, the rising of chronic illnesses and the retirement of around one-third of current nurses, a shortage of skilled caregivers is a concern. Barriers to entry in the field, such as high education requirements, limited nursing school capacity and scarcity of available hospitals/clinics for training, further compound the problem.¹²

CEOs are retiring at a high rate, particularly in the nonprofit sector. In fact, half of all CEOs in the nonprofit sector plan to leave within the next five years, but only one-third have developed a succession plan, leaving a potential talent and leadership gap.¹³

⁹ "Federal Officials Seek To Stop Social Media Abuse Of Nursing Home Residents," National Public Radio, <https://www.npr.org/sections/health-shots/2016/08/08/489195484/federal-officials-seek-to-stop-social-mediaabuse-of-nursing-home-residents> (Aug. 8, 2016).

¹⁰ "Social Media Abuse in Nursing Homes," AgingCare, <https://www.agingcare.com/articles/social-media-abuse-in-nursing-homes-206087.htm>

¹¹ "How to plan ahead for labor shortages in senior living," Life Care Services, <https://www.senior-living-management.com/how-to-plan-ahead-for-labor-shortages-in-senior-living> (Jan. 11, 2017).

¹² "The U.S. Is Running Out of Nurses," The Atlantic, <https://www.theatlantic.com/health/archive/2016/02/nursing-shortage/459741/> (Feb. 12, 2016).

¹³ "Top Concerns of Not-for-Profit Aging Services Providers," LeadingAge, https://www.senior-living-management.com/wp-content/uploads/2017/01/NFP-Top_Concerns_Infographic.pdf (January 2017).



Key terms to know

USE THIS	DON'T USE THIS
Resident	Patient
Apartment, room, suite	Bed, unit
Person with dementia/Alzheimer's	Patient with dementia/Alzheimer's; sufferer; victim; demented person; senile
Older adults; seniors; elders	Old people; elderly people

Activities of daily living (ADLs) — Daily activities one must perform to fundamentally care for oneself and become independent. Ability or inability to perform ADLs are used as a way of measuring an individual's functional status. May be divided into BADLs (basic ADLs: hygiene, showering, toileting, etc.) and IADLs (instrumental activities of daily living — money and medication management, housekeeping, etc).¹⁴

Assisted living community — Helps older adults and people with disabilities maintain as much independence as possible by providing apartment-like units and individualized support services, which accommodate individual needs and abilities.¹⁵

At-home care — This refers to medical care provided to seniors in their place of residence rather than in a senior living facility.¹⁶

Continuing care retirement community (CCRC) — Continuing care retirement communities, also known as CCRCs or life plan communities, are a long-term care option for older people who want to stay in the same place through different phases of the aging process. The chief benefit of CCRCs is that they provide a wide range of care, services and activities in one place, offering residents a sense of stability and familiarity as their abilities or health conditions change.¹⁷

Certified Nursing Assistant (CNA) — A CNA, working under the direction of a registered or a practical nurse, fulfills many basic needs regarding direct patient care, including, among other things, feeding, dressing, assisting with matters of hygiene, taking vital signs, collecting specimens, accompanying to and from appointments or while taking exercise and often providing emotional support.¹⁸

Dually eligible beneficiaries — Individuals who qualify for both Medicaid (state and federally funded health coverage for low-income persons) and Medicare (federal health coverage program for persons age 65 and older and other qualifying individuals with disabilities).¹⁶

Elder abuse — A single or repeated act, or lack of appropriate action, occurring within any relationship where there is an expectation of trust which causes harm or distress to an older person.¹⁹

Independent living — Services that eliminate barriers and provide assistance to individuals with disabilities, so they can live and work more independently in their homes and communities.¹⁶



Key terms to know (cont'd)

USE THIS	DON'T USE THIS
Resident	Patient
Apartment, room, suite	Bed, unit
Person with dementia/Alzheimer's	Patient with dementia/Alzheimer's; sufferer; victim; demented person; senile
Older adults; seniors; elders	Old people; elderly people

Intermediate care facility — Intermediate Care Facility for Individuals with Intellectual Disabilities is a residential facility operated pursuant to federal regulations and serving people with developmental disabilities and related conditions. The programming provided is for individuals with extensive needs. Each client must receive a continuous active treatment program, which includes an aggressive and consistent program of training, health services, and related services so that the client acquires the ability to function with as much self-determination and independence as possible.¹⁶

Long-term services and supports (LTSS) — Millions of Americans, including children, adults and seniors, need long-term care services because of disabling conditions and chronic illnesses. Medicaid is the primary payer across the nation for long-term care services. Medicaid allows for the coverage of these services through several vehicles and over a continuum of settings, ranging from institutional care to community-based long-term services and supports (LTSS).²⁰

Memory care — Memory care is a distinct form of long-term skilled nursing that specifically caters to patients with Alzheimer's disease, dementia and other types of memory problems. Also called special care units (SCUs), memory care units usually provide 24-hour supervised care within a separate wing or floor of a residential facility.²¹

Occupational therapy (OT) — Occupational therapy involves the assessment of an individual's physical state and capabilities. The goal is to maintain the patient's maximum degree of independence, given that person's current limitations. Following a thorough assessment of the patient and that patient's surroundings in the home (whether their own or a facility of some kind), the Occupational Therapist will recommend, if need be, specialized equipment (e.g., a wheelchair, cane, walker) or training (such as driver rehabilitation) that will benefit the patient.²²

¹⁴ "Activities of Daily LivingSeniorLiving.org, (ADLs)," <https://www.seniorliving.org/caregiving/activities-of-daily-living> (updated as of February 2020).

¹⁵ "Glossary of Human Services Terms and Acronyms," North Dakota Department of Human Services, www.nd.gov/dhs/info/pubs/docs/dhs-glossary-of-terms-acronyms.pdf (2019).

¹⁶ "Glossary of Elder Care Related Terms," Paying for Senior Care, <https://www.payingforseniorcare.com/longtermcare/glossary.html>.

¹⁷ "How Continuing Care Retirement Communities Work," AARP, <https://www.aarp.org/caregiving/basics/info-2017/continuing-care-retirement-communities.html> (2017, updated Oct. 24, 2019).

¹⁸ "Glossary of Senior Care Terms," The Senior List, <https://www.theseniorlist.com/glossary-senior-care-terms> (updated Oct. 10, 2019).

¹⁹ "Elder Abuse," World Health Organization, https://www.who.int/ageing/projects/elder_abuse/en/.

²⁰ "Long Term Services and Supports," Medicaid.gov, <https://www.medicaid.gov/medicaid/ltss/index.html>.

²¹ "Assisted Living vs. Memory Care," A Place for Mom, <https://www.aplaceformom.com/blog/2013-3-4-assisted-living-vs-memory-care/> (Aug. 25, 2017).

²² "Glossary of Senior Care Terms," The Senior List, <https://www.theseniorlist.com/glossary-senior-care-terms> (updated Oct. 10, 2019).



Relevant regulations

These are the main regulations currently governing senior living communities.

Affordable Care Act (ACA) — Also known as the Patient Protection and Affordable Care Act. Federal legislation signed into law in March 2010 that included a provision for states to expand the Medicaid program along with implementing other health-related provisions.²³

Americans with Disabilities Act (ADA) — The Americans with Disabilities Act (ADA) prohibits discrimination against people with disabilities in several areas, including employment, transportation, public accommodations, communications and access to state and local government programs and services.²⁴

Home- and Community-Based Services (HCBS) Waivers — Within broad federal guidelines, states can develop home- and community-based services waivers (HCBS Waivers) to meet the needs of people who prefer to get long-term care services and supports in their home or community rather than in an institutional setting. States can offer a variety of unlimited services under an HCBS Waiver program. Programs can provide a combination of standard medical services and non-medical services. Standard services include but are not limited to case management (i.e., supports and service coordination), homemaker, home health aide, personal care, adult day health services, rehabilitation (both day and residential), and respite care.²⁵



State-by-state licensing and regulation

For more information about state-by-state requirements for assisted living communities, please visit the National Center for Assisted Living at:
<https://www.ahcancal.org/ncal/advocacy/regs/Pages/AssistedLivingRegulations.aspx>



Relevant regulations (cont'd)

These are the main regulations currently governing senior living communities.

Medical Expense Deduction Extension (tax reform) —

The Tax Cuts and Jobs Act (TCJA) set the threshold for itemized medical expense deductions at 7.5% of adjusted gross income (AGI) for 2017 and 2018. The threshold was scheduled to increase to a daunting 10% of AGI for 2019 and beyond. The Taxpayer Certainty and Disaster Tax Relief Act of 2019 extends the more taxpayer-friendly 7.5%-of-AGI threshold through 2020.²⁶

Older Americans Act (OAA) — The Older Americans Act as amended in 2016 provides federal funding for services to older persons, especially those who are low-income, socially needy, frail, or minority persons. Among the services offered are caregiver services, elderly nutrition services, supportive services, Long-Term Care Ombudsman program, Vulnerable Adult Protective Services, and the Aging and Disability Resource-LINK.²³



State-by-state licensing and regulation

For more information about state-by-state requirements for assisted living communities, please visit the National Center for Assisted Living at:
<https://www.ahcancal.org/ncal/advocacy/regs/Pages/AssistedLivingRegulations.aspx>

²³ “Glossary of Human Services Terms and Acronyms,” North Dakota Department of Human Services, <https://www.nd.gov/dhs/info/pubs/docs/dhs-glossary-of-terms-acronyms.pdf> (2017).

²⁴ “Americans with Disabilities Act,” U.S. Department of Labor, <https://www.dol.gov/general/topic/disability/ada>.

²⁵ “Home & Community-Based Services 1915(c),” Medicaid.gov, <https://www.medicaid.gov/medicaid/home-community-based-services/home-community-based-services-authorities/home-community-based-services-1915c/index.html>.

²⁶ “Tax breaks for college tuition and medical expenses just came back from the dead — read this before filing your taxes,” MarketWatch, <https://www.marketwatch.com/story/tax-breaks-for-college-tuition-and-medical-expenses-just-came-back-from-the-dead-heres-what-you-need-to-know-2020-01-08> (Jan. 25, 2020).



Exposures to recognize

The current and emerging exposures for the senior living community include:

- Communities that handle levels of care higher than what they're licensed for
 - The rise in amenities, group activities and specialty services that can translate into increased risk; inquire about the amenities offered
 - Staffing considerations — communities with high turnover or low staff-to-client ratios
 - Cyberthreat related to new technologies and electronic health records
 - Elder and patient abuse or neglect, particularly through social media and privacy abuse
 - Communities that put profits above quality of care
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Get more information

To learn more about senior living communities, refer to the following associations and publications.

Associations and organizations:

- [LeadingAge >>](#)
 - [American Health Care Association >>](#)
 - [AARP >>](#)
 - [Alzheimer's Association >>](#)
 - [American Seniors Housing Association >>](#)
-

Journals and magazines:

- [Journal of Aging and Health >>](#)
-



Helpful resources and materials

The resources and materials here will help you write insurance policies for senior living communities. Please contact your underwriter to get access to any of the documents.

Resources

- Senior living — marketing sell sheet

Loss control and claims materials

- 15-passenger van backing and rollover
- Preventing slips and falls
- Sexual abuse and molestation
- Special needs transportation
- Passenger van backing and rollover
- Senior adult safety
- Elopement
- Cyber liability/Norton
- Employee screening (background checks, drug tests)



Loss control and claims materials are available to Nationwide policyholders at [MyLossControlServices.com](https://www.mylowcontrolservices.com).



Get started

When writing policies for senior living communities, please give careful consideration to the topics below.

These factors will be considered for eligibility:

- Nonprofit organizations or for-profit communities with 6 or fewer locations
- Star ratings of 3, 4 or 5 (star ratings were created by the Centers for Medicare & Medicaid Services to rate the quality of nursing homes)
- Whether licensing is appropriate to the level of care
- Staff-to-client ratios

When it's time to submit new business, please provide:

- 60 – 120 days lead time
- ACORD application
- Supplemental questionnaire
- 5-year currently valued loss runs
- Financials
- Pre-visit request on most accounts



For more information on how we can help protect senior living communities, contact your underwriter.

The information included is designed for informational purposes only. It is not legal, tax, financial or any other sort of advice, nor is it a substitute for such advice. The information may not apply to your specific situation. We have tried to make sure the information is accurate, but it could be outdated or even inaccurate in parts. It is the reader's responsibility to comply with any applicable local, state or federal regulations and to make their own decisions about how to operate their business. Nationwide Mutual Insurance Company, its affiliates and their employees make no warranties about the information nor guarantee of results, and they assume no liability in connection with the information provided. Nationwide, the Nationwide N and Eagle and Nationwide is on your side are service marks of Nationwide Mutual Insurance Company. © 2020 Nationwide CMO-0867AO.1 (03/20)
