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LIFE CARE AT HOME

Article 46 of the New York State Public Health Law currently does not permit Continuing Care Retirement Community (CCRC) providers to provide Life Care contracts to prospective residents who choose to live and secure services outside the CCRC's campus community. Both current economic conditions and the changing values of "baby boomers" as they start to dominate the use of aging services are making the ability of consumers to choose "Life Care at Home" critical to the ability of New York State to help provide for its frail elderly.

In many areas of New York State the average household incomes for those 75+ are expected to rise less than 2% compounded over the next 5 years. This factor, along with the substantial loss in home values throughout the state demonstrates a stagnant or shrinking market for CCRC campus communities statewide. A "Life Care at Home" product would financially qualify a much broader base of consumers to the Life Care Product, continue to hold down state Medicaid costs, and allow for a very cost effective alternative to campus living.

A number of other states have successfully adopted "Life Care at Home" products. States such as New Jersey, Connecticut, and Ohio all have very successful models which not only provide care for a wider spectrum of consumers, but also contribute to holding down Medicaid costs. Each of these states has successful "Life Care at Home" models that are contributing to and enhancing the long term financial viability of sponsoring campus based CCRC communities.

LIFECARE AT HOME MODEL PRODUCT

We propose to have the "Life Care at Home" product set up as a separate 501 (c) 3 corporation affiliated with the existing CCRC campus provider. Each consumer would pay an entrance fee and a monthly fee, both of which would correspond to the level of service chosen by the consumer. As with all campus based CCRC providers, the model and price points will be actuarially tested, with the data integrated into the provider analysis for the accurate projection of assisted living and skilled nursing usage.

A typical "Life Care at Home" product will offer consumers' choices from a menu of services based upon their individuals needs. All services would be coordinated by a Case Manager who would serve as the ongoing monitor of resident need. Services for "Life Care at Home" could include any combination of the following services depending on the packages offered :

• Personal Health Coordination	• Live-in Companion Services
• Emergency Response System	• Adult Day Care
• Annual Physical Exam	• Transportation
• Health and Wellness Programs	• Meals
• Home Inspections	• On Campus Activities and Cultural Arts
• Home Nurse Visits	• Assisted Living
• Home Health Aides	• Skilled Nursing
• Companion Services	

LIFE CARE AT HOME BENEFITS

Consumers of “Life Care at Home” greatest benefit will be choice. New York State seniors would have the choice of purchasing Life Care administered in a campus setting or Life Care delivered to their door from an established CCRC.

The “Life Care at Home” product will dramatically increase the number of New Yorkers able to afford Life Care. The current economic downturn has drastically decreased home values and home sales throughout the state. Home equity has been the traditional economic engine providing the initial entrance fee for residents to entering Life Care Communities. With fewer New Yorkers now financially able to make the initial entrance fee payments, “Life Care at Home” presents an excellent alternative to those who still wish to take advantage of the Life Care product, while also protect their assets.

The technology to support greater at home care is readily available and will continue to grow with the demands of the baby boom generation. Today, “smart homes” and home monitoring technologies (such as Quiet Care) are regularly being implemented in home settings to monitor activities of daily living (ADLS), provide analytical information, and automatically inform caregivers of any deviations, enabling caregivers to provide immediate assistance. Self medication machines and even personal robotic assistants will soon become standard as consumers search for new and innovative technologies that let them age successfully and safely at home. Electronic medical records and telemedicine are reducing hospitalizations and improving health care outcomes. All these technologies are allowing seniors to remain in independent settings and could be deployed as a “Life Care at Home” product from an established CCRC.

Other national benchmark “Life Care at Home” programs have been extremely successful at keeping people at home. One programs’ ability to successfully service members through “Life Care at Home” has resulted in an actuarial need to lower projections for future utilization of nursing home services and increase projections for future home care utilization.

BENEFIT TO EXISTING CCRC CAMPUS COMMUNITY

“Life Care at Home” is a natural extension of the mission of campus based not-for-profit CCRC’s, as it allows providers to reach out to seniors at lower income levels, than those being served on campus, including more “middle-income” New Yorkers. This extension of the Life Care product to the greater community has proven to be of little direct competition to the existing campus communities where the model is successful, as price points and service levels create distinct consumer choices.

Sponsor CCRC communities and their residents have seen substantial financial benefits from this additional Life Care product. Cadbury at Home, a division of Cadbury Senior Services in Cherry Hill, New Jersey, was able to achieve positive cash flow by year four of their program. This program was also able to achieve over 2 million dollars in total assets in the same time period. This type of financial return, along with the ability to share more services and costs across a larger corporate structure, has allowed this provider and others to drastically slow the annual rate of monthly fee increases to their residents throughout their entire organizations.

The initial capital costs to existing CCRCs to add a for “Life Care at Home” product are relatively small, and may make more sense financially than taking on the financial burden of expanding an existing campus, given the economic and demographic realities that are prevalent throughout most of New York State. Existing CCRC campus communities have also seen significant additional Medicare part A Revenue in their health centers as “Life Care at Home” becomes a perfect conduit for residents with the product that need short term rehabilitation.

NEW YORK STATE BENEFIT

The continued increase in the number of seniors statewide will result in more and more demands for at home and long term care services. As New York State continues to grapple with the challenges of this growing population, “Life Care at Home” offers a very effective solution for keeping seniors health care costs down as well as keeping seniors off Medicaid.

Using industry models, average entrance fees for “Life Care at Home” products are around \$30,000 with average monthly fees around \$500. With these price points, seniors with assets of \$400,000 and annual incomes as low as \$15,000 may qualify for this product. It is seniors at this end of the financial spectrum that are more susceptible to spending down, accessing costly institutional care, and eventually qualifying for Medicaid. It is also worth noting that approximately 50% of Life Care recipient’s monthly fees are deductible on their annual income tax statements. This is another tremendous Life Care product benefit for “middle class” New Yorkers and anyone else who would choose “Life Care at Home”.

Actuarial data from other states where CCRC “Life Care at Home” contracts have been allowed clearly shows that both CCRC campus communities and CCRC “Life Care at Home” products contribute mightily

to the reduction of overall health care costs. This includes lower numbers of accidents with injuries, lower numbers of acute care stays, and lower numbers of institutional care days.

SUMMARY

The Baby Boomer generation is demanding that we find innovative ways to let them age gracefully, safely, and cost effectively in the setting of their choice. New York State must continue to lower health care costs and decrease its Medicaid expenditures. "Life Care at Home" satisfies both of these needs.

New York CCRCs are currently completing marketing and actuarial analysis on the benefits of a Life Care at Home option for seniors living in the surrounding community.

For questions on CCRC Life Care at Home contact:

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