The Future of Senior Living

James Balda  |  President & CEO
Until the 1980s, seniors who could not live safely in their own home or with family had few alternatives to institutional care.

835,200 seniors live in senior living communities.

They get assistance they need while maintaining privacy, dignity, and respect.
The nation’s aging demographic will create unprecedented demand for the services of the senior living industry.

70% of the 65+ population requires some form of long-term care.
The nation’s aging demographic will create unprecedented demand for the services of the senior living industry.

There will be approximately 1.1 million daily residents at residential care communities in 2025, an increase of 50 percent from 2012.

In 2012, there were 22,200 assisted living and similar residential care communities.

In 2014, there were 30,200 assisted living and similar residential care communities.
OUR CRITICAL IMPERATIVES

**WORKFORCE DEVELOPMENT**
Growing a workforce of trained professionals to serve seniors.

**QUALITY IMPROVEMENT**
Nurturing environments that enhance the quality of life for senior living residents.

**OPERATIONAL EXCELLENCE**
Improving the senior living business through innovation and technology.

**CONSUMER CHOICE**
Promoting strategies for financing long term care services and supports.

**MEMORY CARE**
Enhancing awareness and best practices for the care of residents with dementia.
WORKFORCE DEVELOPMENT
AN INDUSTRY OF CHOICE
Growing a workforce of trained professionals to serve America’s seniors.

Adding 347,000 new jobs by 2025, senior living employment will exceed 1.1 million.

The industry will need to recruit 1.2 million new employees by 2025.

The senior living industry outpaced average U.S. job growth by 3.7%.

Growing A Workforce Of Trained Professionals To Serve America’s Older Adults

The **RATIO OF CAREGIVERS** (45-65 years old) to those over 80 will shrink.

<table>
<thead>
<tr>
<th>Year</th>
<th>Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>7:1</td>
</tr>
<tr>
<td>2030</td>
<td>4:1</td>
</tr>
<tr>
<td>2050</td>
<td>3:1</td>
</tr>
</tbody>
</table>

The **SENIOR LIVING INDUSTRY** is an engine of growth for the overall economy.

Senior Living employment **INCREASED** at an annual rate of **4.1%** between 2001 and 2014, while **TOTAL U.S. JOB GROWTH** averaged just **0.4%** a year during this period.

- **Source: AARP Public Policy Institute**
- **Source: Argentum analysis of Bureau of Labor Statistics data**
### OCCUPATION

<table>
<thead>
<tr>
<th>OCCUPATION</th>
<th>2012 JOBS</th>
<th>2025 JOBS</th>
<th>NEW JOBS CREATED</th>
<th>REPLACEMENT NEEDS</th>
<th>TOTAL EMPLOYEES NEEDED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Healthcare Occupations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nursing Assistants</td>
<td>167,600</td>
<td>259,100</td>
<td>91,500</td>
<td>187,000</td>
<td>278,500</td>
</tr>
<tr>
<td>Home Health Aides</td>
<td>116,400</td>
<td>170,100</td>
<td>53,700</td>
<td>130,000</td>
<td>183,700</td>
</tr>
<tr>
<td>Health Technologists &amp; Technicians</td>
<td>49,200</td>
<td>67,900</td>
<td>18,600</td>
<td>24,000</td>
<td>42,600</td>
</tr>
<tr>
<td>Licensed Practical &amp; Licensed Vocational Nurses</td>
<td>44,900</td>
<td>61,900</td>
<td>17,000</td>
<td>22,000</td>
<td>39,000</td>
</tr>
<tr>
<td>Health Diagnosing &amp; Treating Practitioners</td>
<td>37,100</td>
<td>51,200</td>
<td>14,100</td>
<td>15,000</td>
<td>29,100</td>
</tr>
<tr>
<td>Registered Nurses</td>
<td>30,700</td>
<td>42,300</td>
<td>11,600</td>
<td>14,000</td>
<td>25,600</td>
</tr>
<tr>
<td>Foodservice Occupations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food Servers, Non-restaurant</td>
<td>42,600</td>
<td>65,900</td>
<td>23,300</td>
<td>73,000</td>
<td>96,300</td>
</tr>
<tr>
<td>Cooks, Institution &amp; Cafeteria</td>
<td>33,200</td>
<td>45,800</td>
<td>12,600</td>
<td>48,000</td>
<td>60,600</td>
</tr>
<tr>
<td>Waiters &amp; Waitresses</td>
<td>14,200</td>
<td>19,600</td>
<td>5,400</td>
<td>26,000</td>
<td>31,400</td>
</tr>
<tr>
<td>Food Preparation Workers</td>
<td>11,500</td>
<td>14,300</td>
<td>2,700</td>
<td>20,000</td>
<td>22,700</td>
</tr>
<tr>
<td>Bartenders</td>
<td>5,900</td>
<td>11,000</td>
<td>5,100</td>
<td></td>
<td>20,600</td>
</tr>
<tr>
<td>Management Occupations</td>
<td>25,100</td>
<td>34,500</td>
<td>9,400</td>
<td>17,000</td>
<td>26,400</td>
</tr>
<tr>
<td>Business &amp; Financial Operations Occupations</td>
<td>6,800</td>
<td>10,000</td>
<td>3,200</td>
<td>5,000</td>
<td>8,200</td>
</tr>
<tr>
<td>Building &amp; Grounds Cleaning &amp; Maintenance Occupations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maids &amp; Housekeeping Cleaners</td>
<td>41,700</td>
<td>57,500</td>
<td>15,800</td>
<td>55,000</td>
<td>70,800</td>
</tr>
<tr>
<td>Personal Care &amp; Service Occupations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Care Aides</td>
<td>61,500</td>
<td>89,900</td>
<td>28,400</td>
<td>85,000</td>
<td>113,400</td>
</tr>
<tr>
<td>Recreation Workers</td>
<td>16,700</td>
<td>24,000</td>
<td>7,300</td>
<td>24,000</td>
<td>31,300</td>
</tr>
<tr>
<td>Office &amp; Administrative Support Occupations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receptionists &amp; Information Clerks</td>
<td>13,600</td>
<td>16,400</td>
<td>2,800</td>
<td>16,000</td>
<td>18,800</td>
</tr>
<tr>
<td>Installation, Maintenance &amp; Repair Occupations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintenance &amp; Repair Workers, General</td>
<td>16,100</td>
<td>22,200</td>
<td>6,100</td>
<td>12,000</td>
<td>18,100</td>
</tr>
</tbody>
</table>

**Source:** Argentum projections, based on data from the Bureau of Labor Statistics
In addition to the new jobs created as a result of continued growth in senior living communities, the industry will need to fill job openings that result when employees permanently leave their occupations, either through exiting the labor force or transferring to a different occupation. These are referred to as 'replacement needs.'
WORKFORCE DEVELOPMENT

Opportunities

• Ensure meaningful public policy and legislation
• Expand job creation and invest in training and development
• Research on drivers of employee engagement
• Partner with academic institutions
• Develop and track baseline metrics
• Develop professional credentials
QUALITY IMPROVEMENT
AN INDUSTRY OF SERVICE
Nurturing environments that enhance the quality of life for senior living residents

10 YEARS
OF RISING ACUITY IN ASSISTED LIVING

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Age in 2001</td>
<td>80</td>
<td>87</td>
</tr>
<tr>
<td>Average Age in 2010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average Length of Stay 2001</td>
<td>36 Months</td>
<td>22 Months</td>
</tr>
<tr>
<td>Average Length of Stay 2010</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Using a Walker</td>
<td>30%</td>
<td>45%</td>
</tr>
<tr>
<td>With Heart Disease</td>
<td>28%</td>
<td>34%</td>
</tr>
<tr>
<td>With Diabetes</td>
<td>13%</td>
<td>17%</td>
</tr>
<tr>
<td>Using a Wheelchair</td>
<td>15%</td>
<td>23%</td>
</tr>
</tbody>
</table>

NCAL, National Survey of Residential Care Facilities
QUALITY IMPROVEMENT

75% of senior living residents currently are diagnosed with at least two chronic conditions.¹

1 in 5 Americans will be eligible for Medicare in 2030, causing significant strains on the program.²

30% of states made changes to assisted living regulations in 2012-2013.³

¹ Centers for Disease Control
² Centers for Medicare & Medicaid Services, Kaiser Family Foundation
³ “Best Practices in Managing Acuity Creep in Assisted Living” presented to a 2015 American Health Lawyers Association meeting
QUALITY IMPROVEMENT

Opportunities

• Support licensing and enforcement
• Partner for state regulatory review
• Participate in the healthcare continuum
• Encourage innovation
• Develop community standards
• Measure and share quality indicators
OPERATIONAL EXCELLENCE
AN INDUSTRY OF INNOVATION

Improving the senior living business through innovation and technology.

Total wages within assisted living communities rose an average annual rate of 4.8% between 2001 and 2013 compared to all industries, which rose an average of 2.6%. ¹

17.4% of residential care communities used electronic health records for purposes other than billing or accounting. ²

The senior living industry’s three main expenses are labor, food and utilities. ³

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¹ Bureau of Labor Statistics, Social Security Administration
² October 2015 Health Affairs
³ 2015 “State of Senior Living”
OPERATIONAL EXCELLENCE

Of top performing communities in the area of quality of management, 95% of residents, families, and staff would recommend their community.
OPERATIONAL EXCELLENCE

Opportunities

• Develop benchmarks and share metrics
• Identify and enhance the use of technology
• Innovate by cultivating leaders
• Implement electronic health records
• Identify and share best practices
CONSUMER CHOICE
AN INDUSTRY OF INDEPENDENCE

Promoting strategies for financing long term care services and supports

Between 2015 and 2055, the number of older Americans with several long term services and support needs will increase **140%**, reaching **15.1 million**.¹

Less than **8%** of Americans have purchased long term care insurance through the private market.²

A 65-year-old today will incur **$138,100** in the future lifetime expenses for severe long term needs.¹

¹. 2015 Urban Institute Study
². Robert Wood Johnson Foundation, Congressional Budget Office
CONSUMER CHOICE

In 2014, the median income of an older adult was
$31,169 FOR MALES
$17,375 FOR FEMALES

More than 4.2 MILLION older adults, or 9.5%, are below the poverty line.¹

In 2014, individuals 65 and older had MEDIAN FINANCIAL ASSETS of
$76,000 and
MEDIAN HOME EQUITY of
$80,000.²

¹ U.S. Administration on Aging
² Kaiser Family Foundation, 2015
CONSUMER CHOICE

Average life expectancy reached the high of 78.8 years in 2014.

Aging baby boomers will lift the number of households aged 65 and over by 2025. 42%

Health insurance does not cover LTSS and Medicare does not cover most of these expenses.
CONSUMER CHOICE

Opportunities

- Support public education
- Promote tax incentives and financing options
- Champion long-term care insurance
- Encourage state-based savings initiatives
- Support public policy options to provide widespread affordable senior housing
- Create innovative financing models
- Work to eliminate financial elder abuse
MEMORY CARE
AN INDUSTRY OF DIGNITY AND RESPECT
Enhancing quality of life for senior living residents with Alzheimer’s disease and related dementias from care to cure.

Today 5.1 million Americans are living with Alzheimer’s including an estimated 200,000 under the age of 65.¹

1 in 9 older Americans are living with the disease.²

Every 67 seconds someone in the United States develops Alzheimer’s disease.²

¹. Alzheimer’s Association
². Centers for Disease Control
More than 40% of assisted living residents have Alzheimer’s disease or other dementias.

Senior living industry best practices for dementia care include building design, memory boxes, Snoezelen rooms, enhanced dining experience and custom activities.
MEMORY CARE

Opportunities

• Boost public understanding
• Promote disease management
• Encourage participation in scientific studies
• Support and expand dementia friendly communities
• Develop and share best practices
CONCLUSION

• The next 10 years for the senior living industry is full of promise and opportunity.

• Industry must embrace change and forge new alliances.

• Through this extensive six-month listening tour, Argentum has crafted a look at key issues facing the industry over the next 10 years: Workforce Development, Quality Improvement, Operational Excellence, Consumer Choice, and Memory Care.
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