



SENIOR LIVING 2015 SURVEY

An Industry Poised for Change

Perkins Eastman

Senior Living 2015 Survey

In an industry poised for change, Perkins Eastman Research surveyed major not-for-profit providers and industry consultants across the country to understand more thoroughly current trends in senior living care. Almost 200 respondents addressed four major areas of interest: industry trends, healthcare and senior living convergence, memory support, and neighborhood and Small House programs. Highlights of the survey, followed by graphic representations of the questions and responses, include:

- Several questions asked about the current state of the industry and were repeated from a similar 2009-2010 survey. Almost five years later, respondents believed that the great recession had permanently changed people's outlook and expectations about housing and service choices, and that the traditional entry fee CCRC would need to reinvent itself. (73% in 2009, 61% in 2014). Home- and community-based services, along with memory support, are big winners and seen as more attractive options for the future.
- Most fascinating is the strong belief (almost 80%) that reimbursement/healthcare reform would drive convergence of healthcare and senior living. This is particularly interesting given that 74% of respondents currently have minimal relationships with healthcare systems. The survey showed that only 10% had a healthcare partner now, but 50% felt they would be partnered in the future.
- Household models are gaining in popularity throughout the "care" portion of the continuum. While household sizes vary, there appears to be a strong corollary with increased visitation, overall increased resident well-being and socialization. Almost

two-thirds of survey respondents felt that staff turnover and recruitment were about the same as before their household models with roughly one-third showing improvement. Clearly the cost of operations and return on investment are on the minds of all providers, whether they have a household or are considering the addition of a household model of care. Challenges to introducing the household model were around staffing with concerns ranging from staff buy-in to staff efficiencies and operations.

- The market is already seeing an explosion of new memory support programs with a balance of new construction and renovation. Almost 70% of respondents were creating new assisted living programs, but almost one-quarter were addressing it continuum-wide. In both household and memory support programs almost three-quarters of the respondents had more than 75% of the rooms as private.

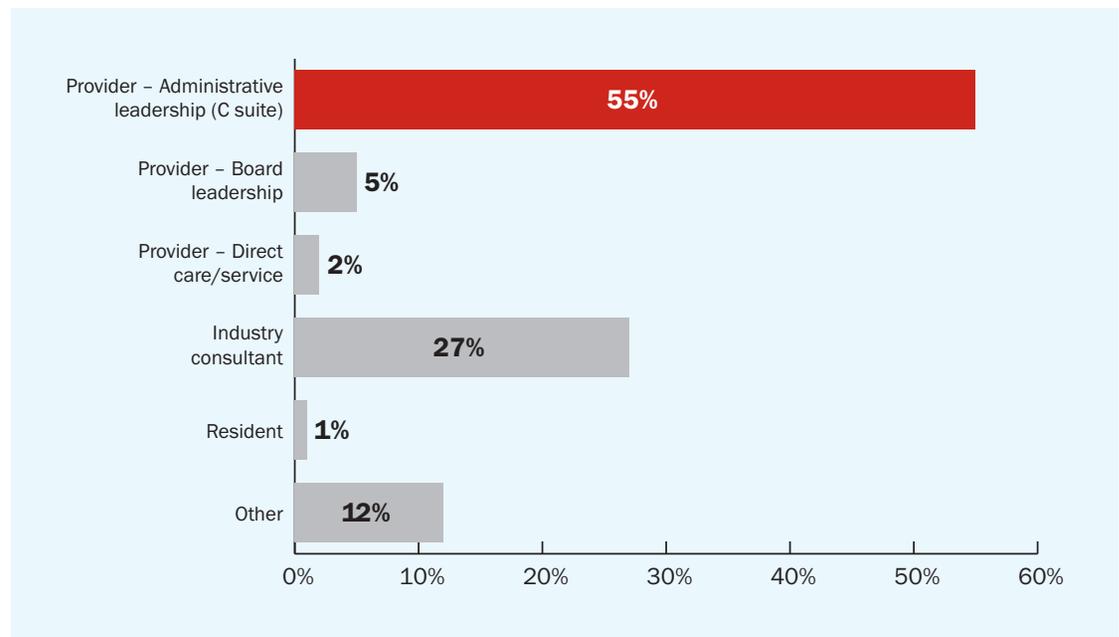
While the survey results are interesting, what does this mean for your organization?

- High-quality memory support programs are in demand and new product and competition may be entering your market.
- Neighborhood and memory support programs are having a definitive impact on the quality of life of the residents...and perhaps even their family and friends.
- Find/seek your healthcare partners now; industry realignment is underway!
- Look to diversify your offerings with more flexible rental and "pay as you go" living options, coupled with home- and community-based services.

About the respondents

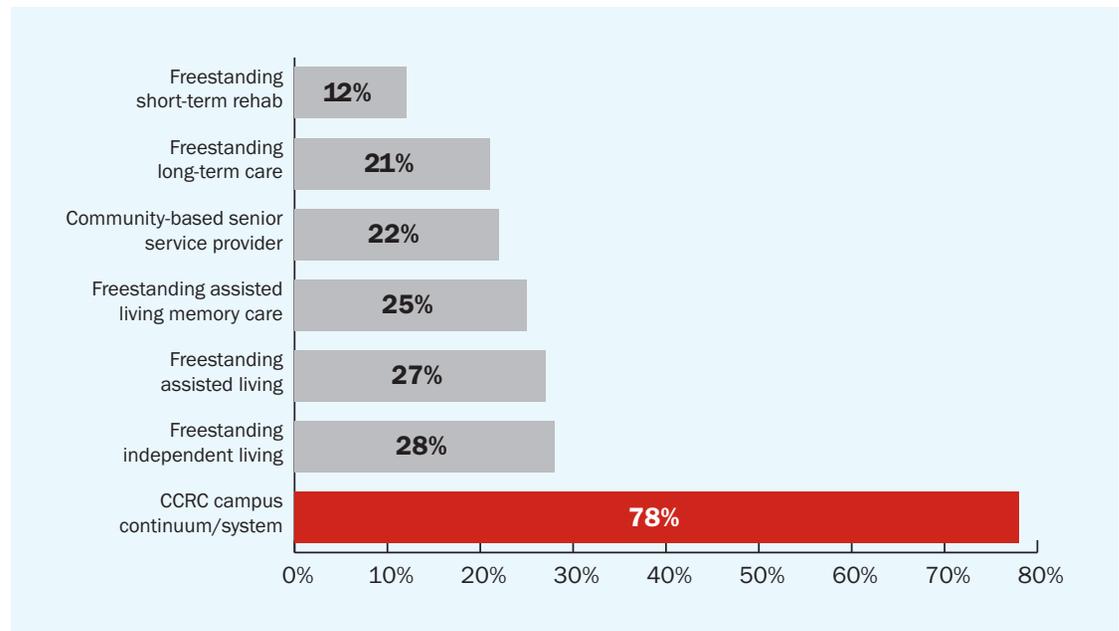
1) WHAT IS YOUR CURRENT ROLE?

Over half of the respondents were administrative “C” suite leadership, about one-quarter were industry consultants, and the rest consisted of Board leadership, direct care/service providers, or other. Overall, providers made up the majority of respondents, at 62%. [Answered: 191]



2) ARE YOU FROM (OR WORKING WITH) A...?

Over three-quarters of the respondents were from or worked with a CCRC campus continuum/system. About one-quarter of the respondents were from or worked with a community-based senior service provider and/or freestanding independent living, assisted living, assisted living memory care, and/or long-term care facility. One-eighth was with a freestanding short-term rehab program. [Answered: 166]

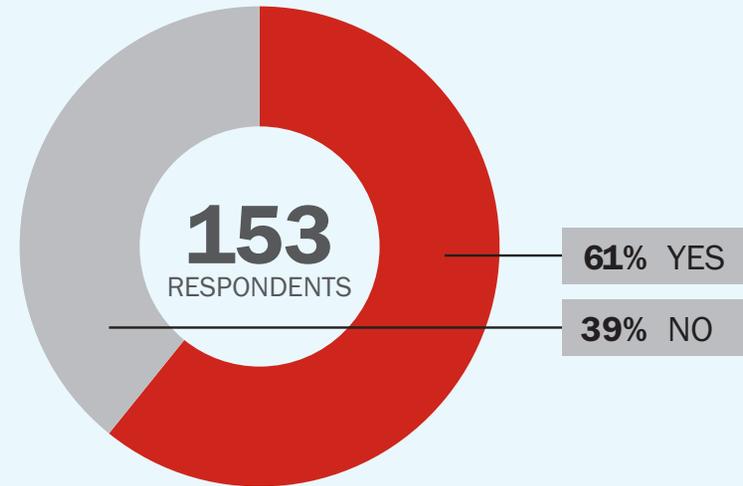


Senior living trends

3) HAS THE 2008-2012 DOWNTURN OF THE RESIDENTIAL MARKET AND ECONOMIC CONDITIONS PERMANENTLY CHANGED PEOPLE'S OUTLOOK AND EXPECTATIONS FOR THEIR HOUSING AND SERVICE CHOICES IN THEIR LATER YEARS?

Sixty-one percent of respondents feel the 2008-2012 downturn of the residential market and economic conditions permanently changed people's outlook and expectations for their housing and service choices in their later years, whereas 39% did not.

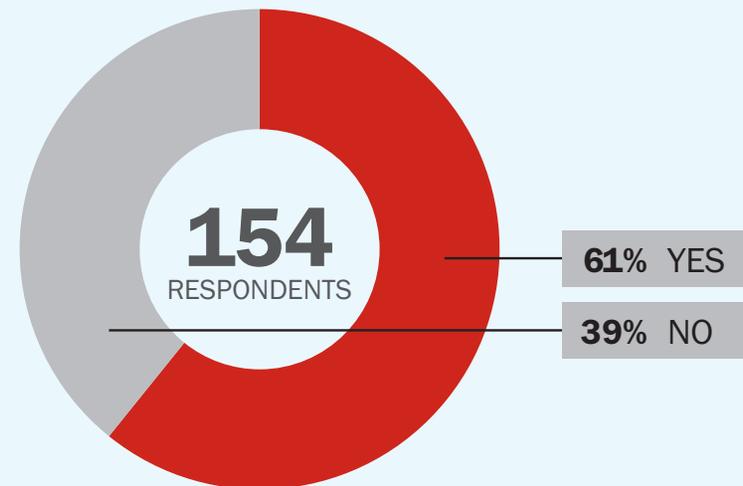
[Answered: 153]



4) LOOKING TOWARDS THE FUTURE, IS THE "TRADITIONAL" ENTRY FEE, "LIFE CARE" CCRC ENDANGERED?

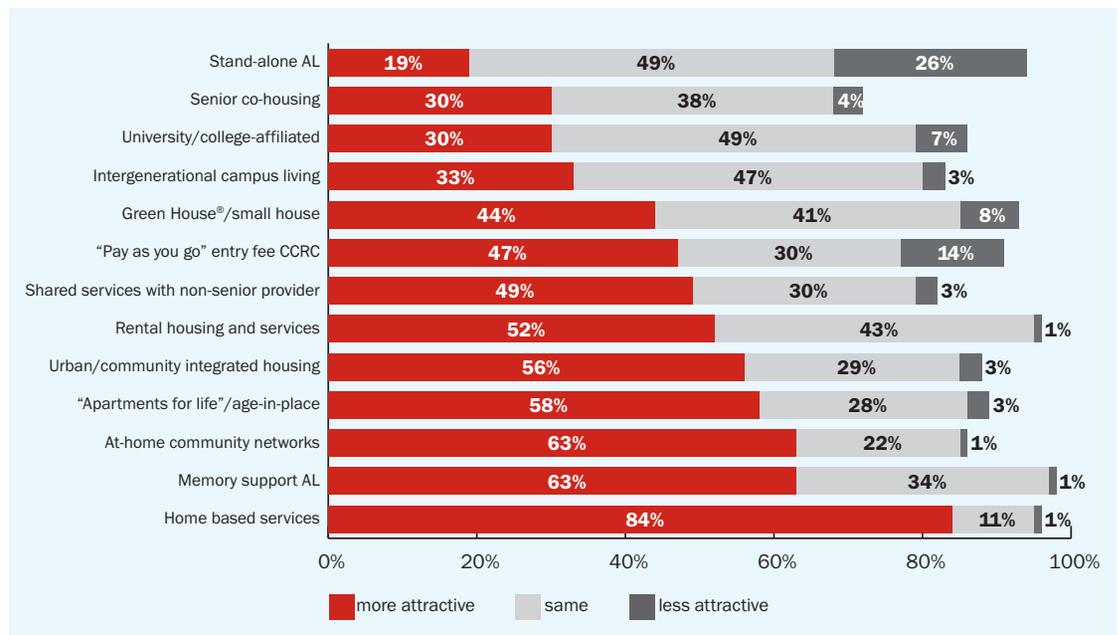
Sixty-one percent of respondents feel the "traditional" entry fee, "life care" CCRC is endangered, whereas 39% did not.

[Answered: 154]



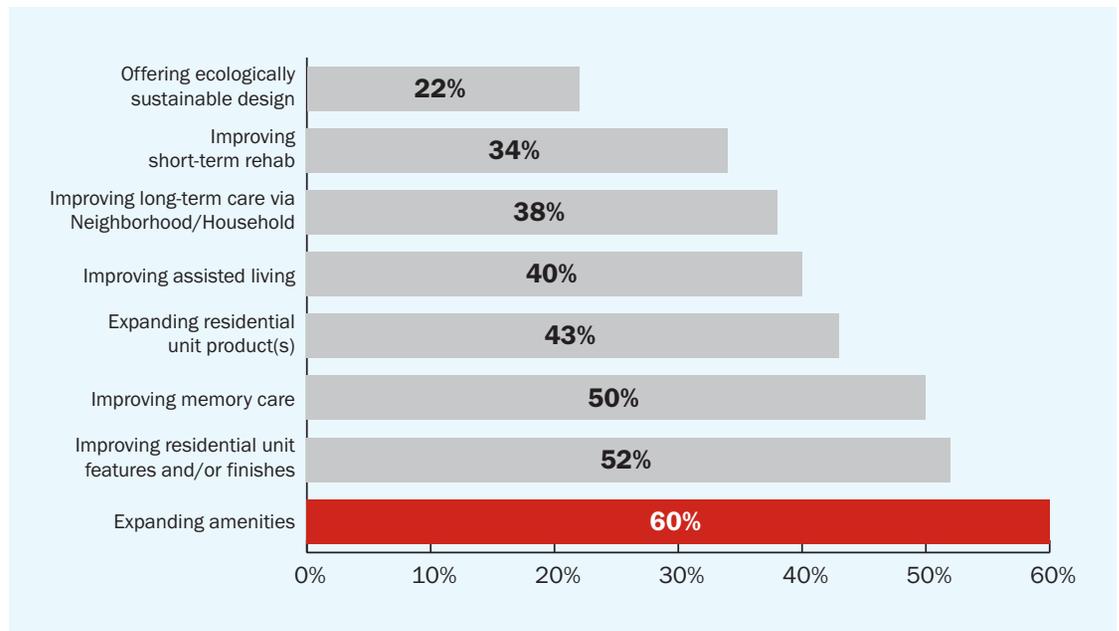
5) ARE EXISTING AND NEW MODELS OF HOUSING AND SERVICES MORE, THE SAME, OR LESS ATTRACTIVE THAN BEFORE THE RECENT RECESSION?

The existing and new models of housing and services that are more attractive to many of the respondents include: home based services, memory support assisted living, at-home community networks, “apartments for life”/aging-in-place, urban/community integrated housing, rental housing and services, shared services with non-senior provider, “pay as you go” entry fee CCRC, and Green House®/small houses. Most respondents feel roughly the same amount of appeal for intergenerational campus living, university/college-affiliated, senior co-housing, and stand-alone assisted living. However, about one-quarter of the respondents felt the stand-alone assisted living projects were now less attractive. [Answered: 155]



6) WHAT ARE YOU/YOUR ORGANIZATION LOOKING TO ACHIEVE IF PLANNING AN EXPANSION AND/OR RENOVATION AT YOUR COMMUNITY?

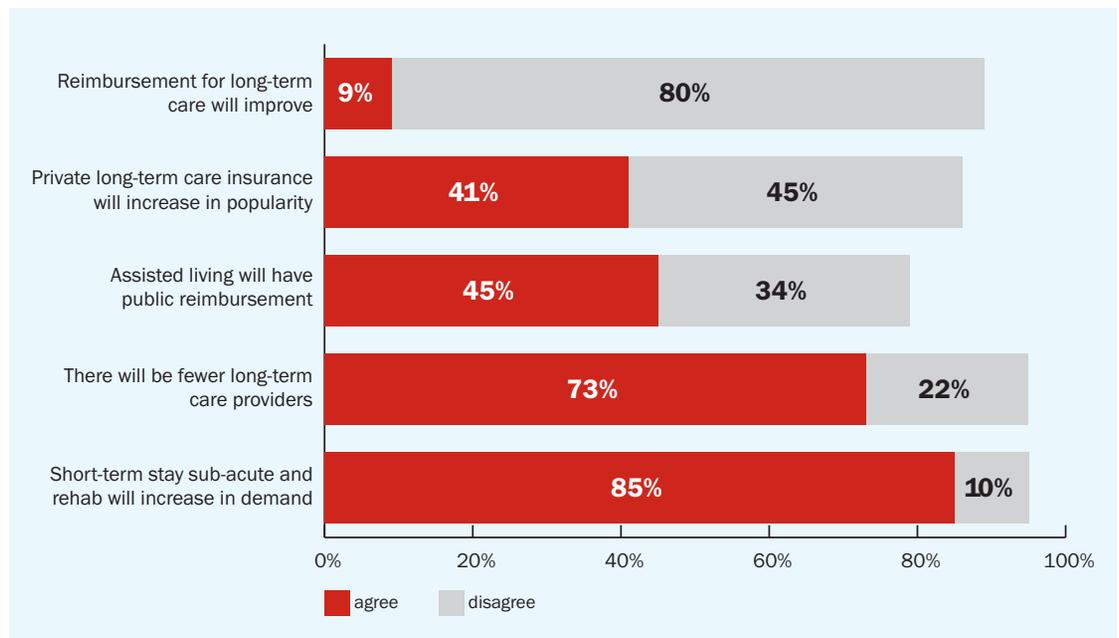
In total, about three-quarters of the respondents said they are planning an expansion and/or renovation at their community. The top three goals included expanding amenities (e.g., dining, fitness/wellness), improving residential unit features and/or finishes, and improving memory care through new construction and/or renovation. [Answered: 149]



Convergence

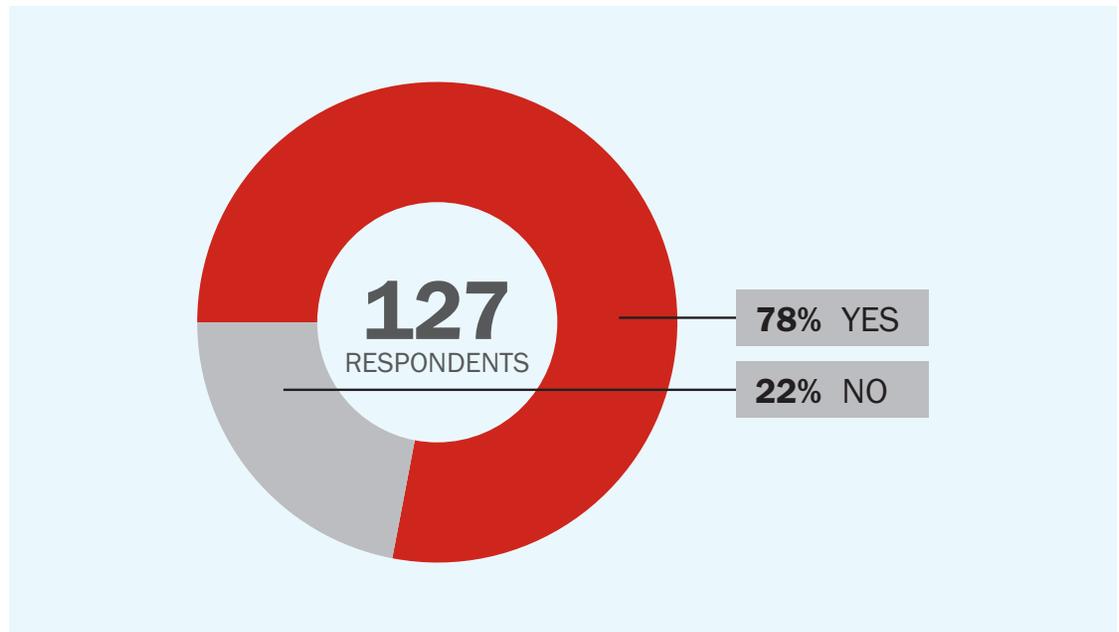
7) HOW WILL GOVERNMENT HEALTHCARE AND REIMBURSEMENT POLICY REFORM IMPACT LONG-TERM CARE?

Most of the respondents feel government reform will result in an increased demand for short-term stay, and that there will be fewer long-term care providers. Some feel assisted living reimbursement and long-term care insurance will change. Few expect long-term care reimbursements will improve. [Answered: 127]



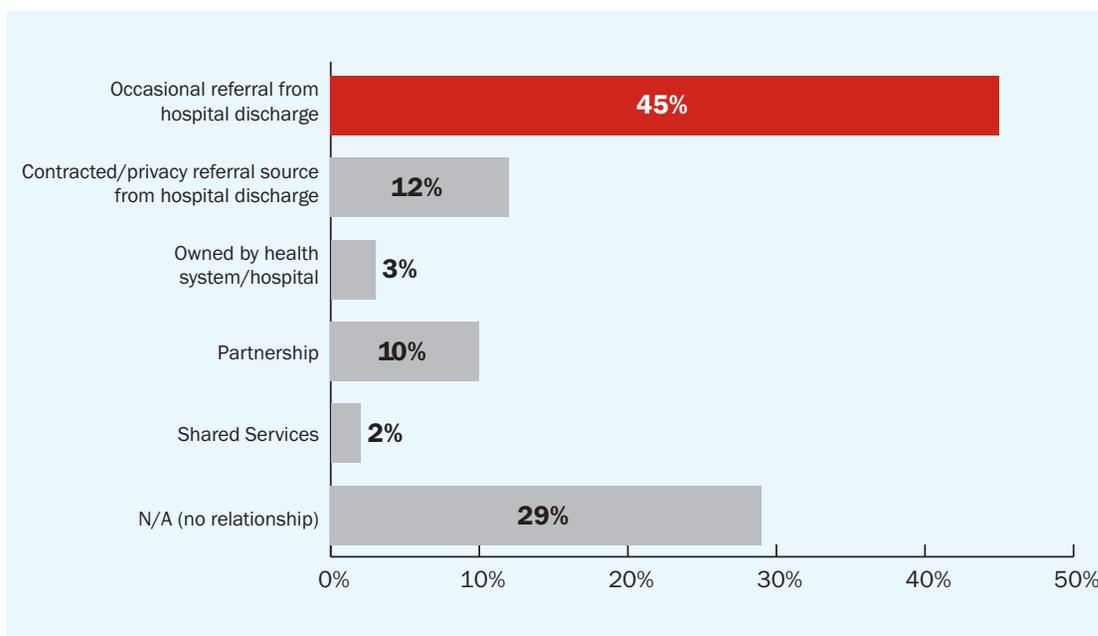
8) WILL REIMBURSEMENT/HEALTHCARE REFORM DRIVE CONVERGENCE OF THE TWO SECTORS (HEALTHCARE + SENIOR LIVING)?

More than three-quarters of the respondents think reimbursement/healthcare reform will drive convergence of the two sectors (healthcare + senior living). [Answered: 127]



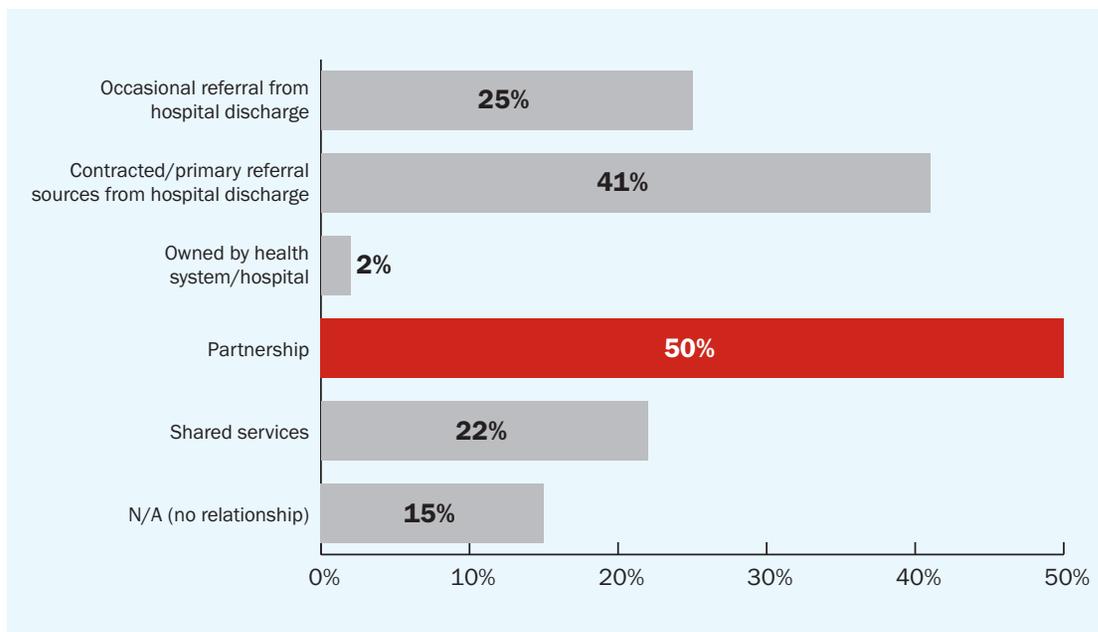
9) WHAT TYPE OF RELATIONSHIP DOES YOUR ORGANIZATION CURRENTLY HAVE WITH HEALTHCARE SYSTEMS (E.G., COMMUNITY HOSPITALS, PHYSICIAN PRACTICE GROUPS, ACADEMIC MEDICAL CENTERS, ETC.)?

Over one-quarter of the respondents currently have no relationship with healthcare systems. Of those who do, 45% receive an occasional referral from a hospital discharge. About one in ten have contracted/privacy referrals or an established partnership (e.g., managing senior services within a hospital setting, a healthcare clinic in your CCRC run by a hospital, etc.). Few are owned by a health system/hospital or share services (e.g., training, IT, purchasing, etc.). [Answered: 122]



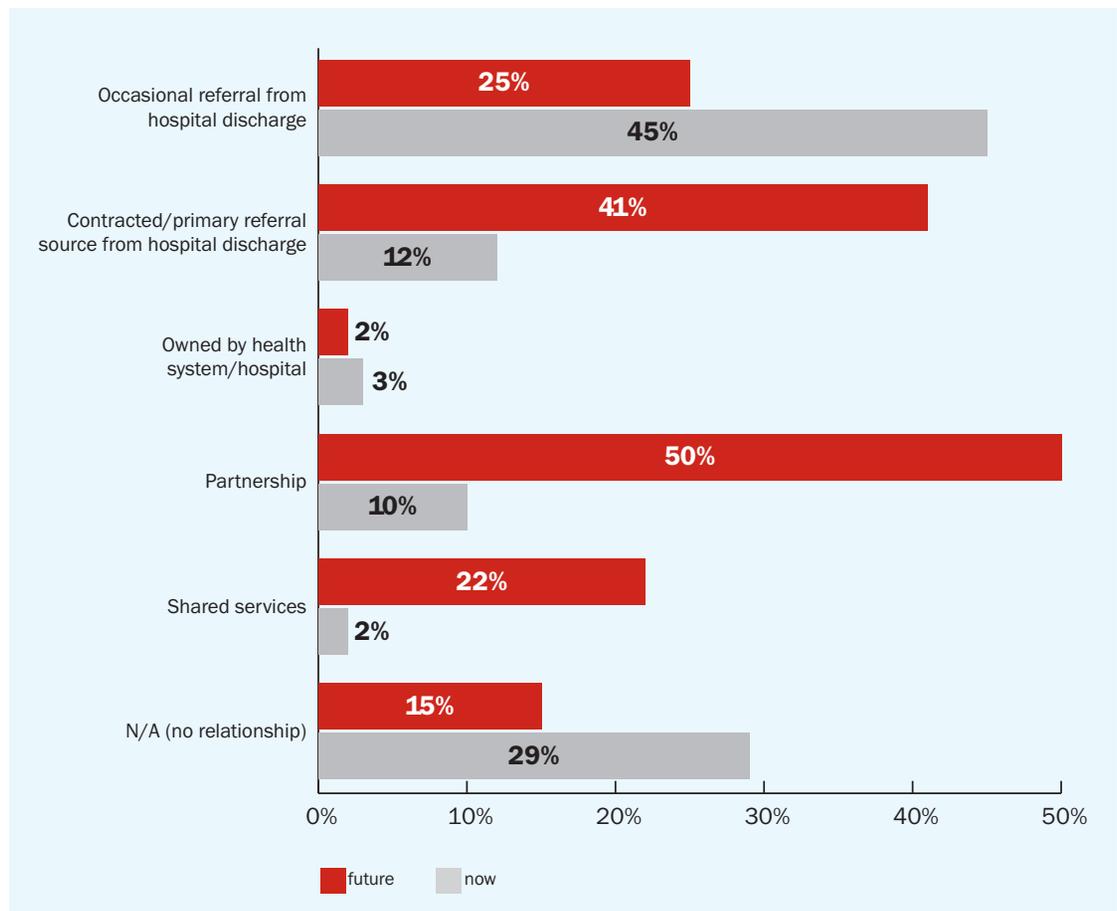
10) WHAT TYPE OF RELATIONSHIP WITH HEALTHCARE SYSTEMS (E.G., COMMUNITY HOSPITALS, PHYSICIAN PRACTICE GROUPS, ACADEMIC MEDICAL CENTERS, ETC.) DO YOU THINK WILL BE IMPORTANT TO YOUR ORGANIZATION IN THE FUTURE?

Half of the respondents feel a partnership will be important in the future, with 41% also feeling contracted/primary referrals will be important. Only about one-quarter think sharing services and receiving occasional referrals will be important. Few thought being owned by a health system/hospital would be necessary. [Answered: 124]



A COMPARISON – QUESTION 9 VS. 10 RELATIONSHIPS WITH HEALTHCARE SYSTEMS NOW AND IN THE FUTURE

Looking to the future, more senior living communities want to develop a relationship with a healthcare system (with facilities having no relationship dropping from 29% to 15%). The industry will likely see a great increase in partnerships (up from 10% now to 50% with future interest). Shared services will also probably increase (going from only 2% of respondents providing shared services now to an interest from 22% of respondents for the future). Receiving contracted/primary referrals will also be in greater demand (going from 12% now to a desired 41% in the future); whereas reliance on occasional referrals will likely decrease (down to 25% in the future compared to the current 45%). The general disinterest in being own by a health system/hospital will likely not change (currently 3% of respondents compared to 2% interest for the future).

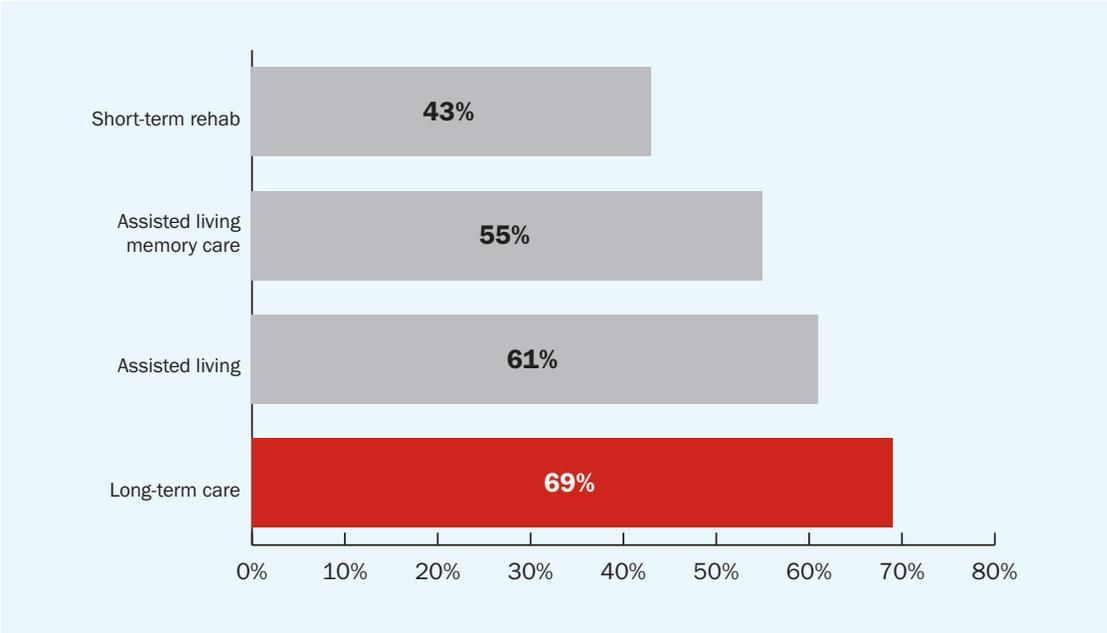


Household models of care

Sixty-six respondents (about 38% of all the Household Models of Care Survey respondents) reported they currently have a Household; 55 were willing to answer questions about their existing Household(s).

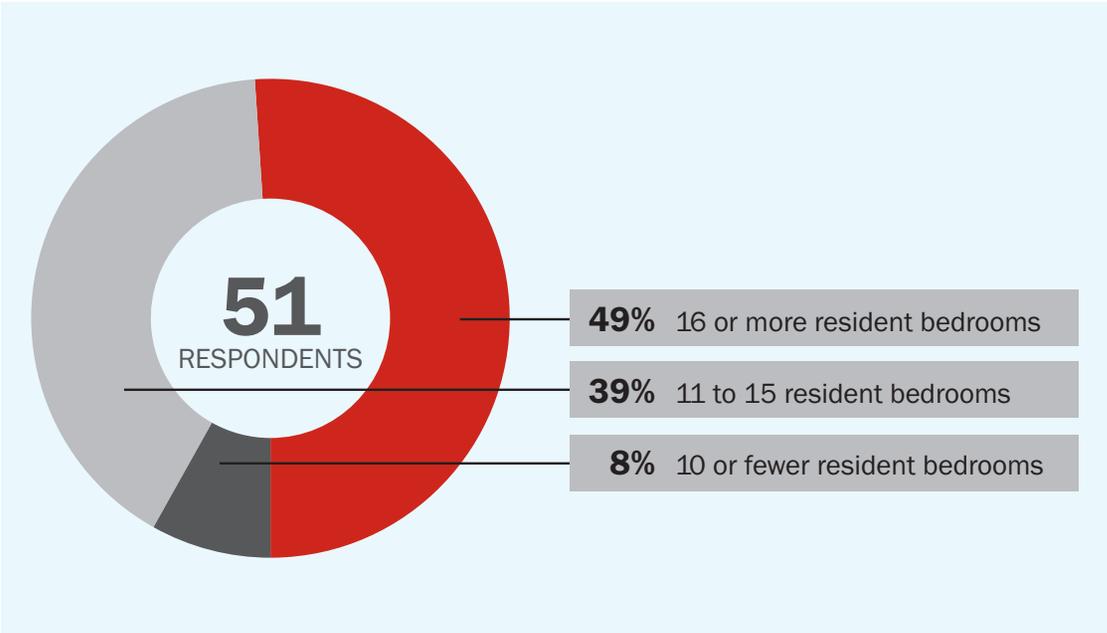
11) WHAT PART OF THE CONTINUUM DOES YOUR ORGANIZATION'S HOUSEHOLD(S) SERVE?

Of those who offer Households at their communities, many serve more than one level in the continuum. Over two-thirds of the respondents with Households offer them in long-term care settings. The next most popular is assisted living, with 61%. Assisted living memory support comes in at 55%, and short-term rehab at 43%. [Answered: 49]



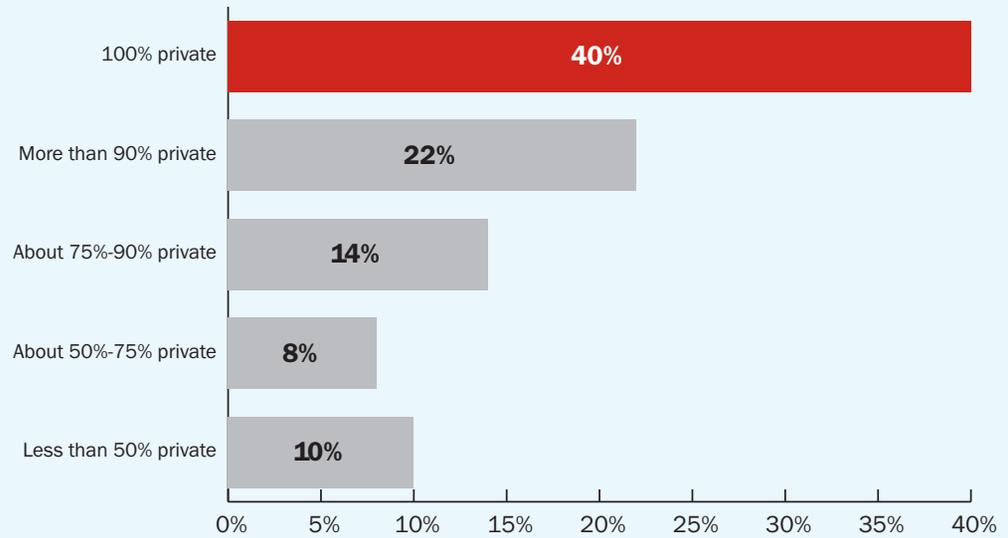
12) WHAT IS THE SIZE OF THE (TYPICAL) HOUSEHOLD AT YOUR COMMUNITY?

Almost half of the communities with Households have 16 or more resident bedrooms. Thirty-nine percent offer 11-15 bedrooms, and 8% offer 10 or fewer bedrooms. [Answered: 51]



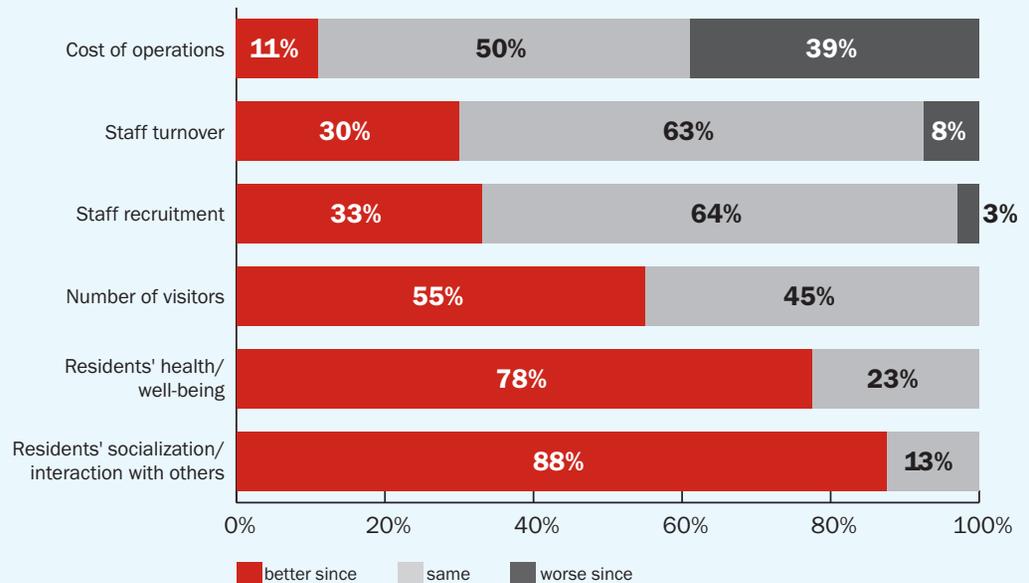
13) WHAT PERCENTAGE OF RESIDENT BEDROOMS IS PRIVATE IN THE (TYPICAL) HOUSEHOLD AT YOUR COMMUNITY?

Forty percent of the resident bedrooms in Households are private. Twenty-two percent reported their facility is more than 90% private. Fourteen percent are about 75-90% private. The remaining 18% offer fewer than 75% private rooms. [Answered: 50]



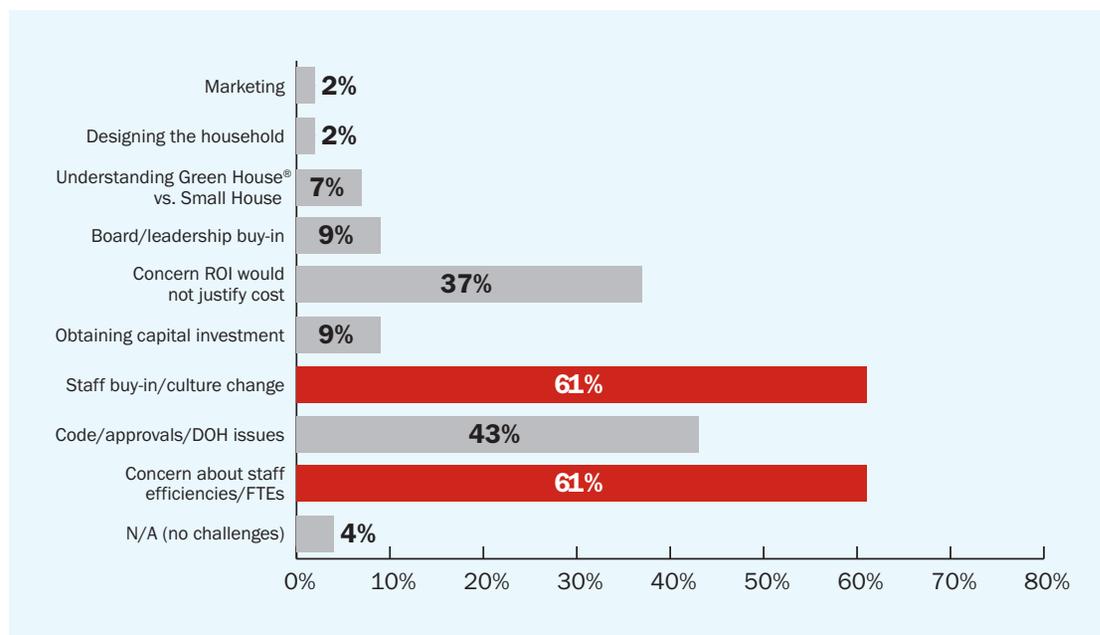
14) PLEASE RATE THE FOLLOWING REGARDING YOUR COMMUNITY'S ACTUAL BEFORE AND AFTER "FIRST HAND" EXPERIENCES. COMPARE THE HOUSEHOLD AS IT IS NOW TO THE TRADITIONAL/ NON-HOUSEHOLD MODEL THAT EXISTED BEFORE.

When comparing experiences at communities with a Household now to what they experienced before their Household was in place, many respondents reported several aspects have improved: 88% say resident socialization is better, 78% are experiencing improved resident health/well-being, and 55% now have better visitation. Almost two-thirds of the respondents feel staff recruitment and turnover are the same, though only about one-third thinks it is better now. Half of the respondents are experiencing a similar cost of operations, though 39% say the costs are worse since the Household was introduced. [Answered: 47]



15) WHAT WERE YOUR BIGGEST CHALLENGES TO INTRODUCING THE HOUSEHOLD MODEL?

For many of the respondents, staff-related issues were the greatest challenge to introducing the Household model. Sixty-one percent had concerns about staffing efficiencies/FTEs as well as staff buy-in/culture change. Forty-three percent faced issues with codes/approvals/Department of Health support. Over one-third were concerned that the ROI would not justify the cost to change to the model. However, only a handful of respondents were challenged by Board/leadership buy-in, obtaining capital investment, understanding the difference between Green House® and a Small House, designing the Household, and marketing. [Answered: 46]

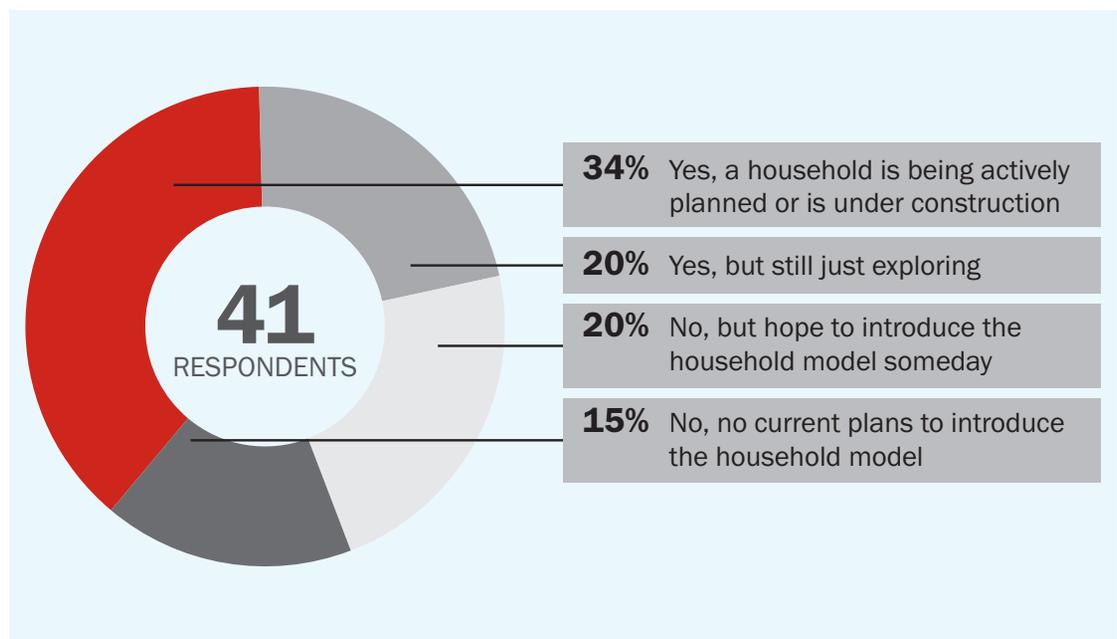


No Households at Present

One hundred and six respondents (about 62% of all the Household Models of Care Survey respondents) reported they currently do not have a Household; 43 were willing to answer questions about Household models of care.

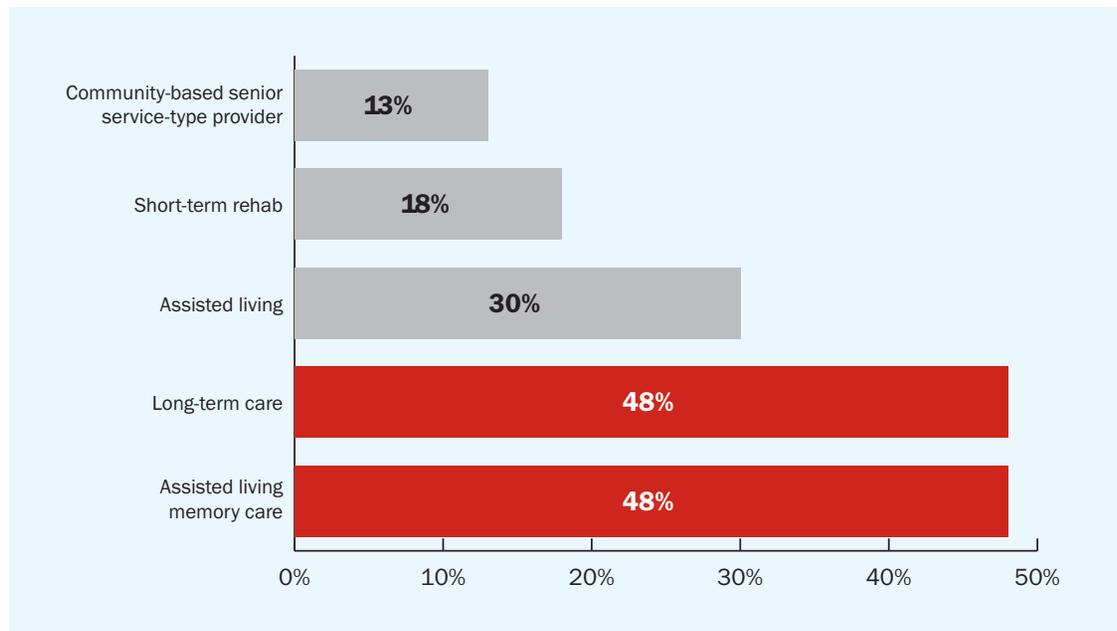
16) ARE YOU/YOUR ORGANIZATION CONSIDERING A HOUSEHOLD IN THE FUTURE?

About one-third of respondents without a Household are actively planning or have a Household under construction. Twenty percent are still in the exploration phase. Another 20% are not actively pursuing a Household, but hope to introduce the model of care someday. Fifteen percent have no plans at present for a Household model of care. [Answered: 41]



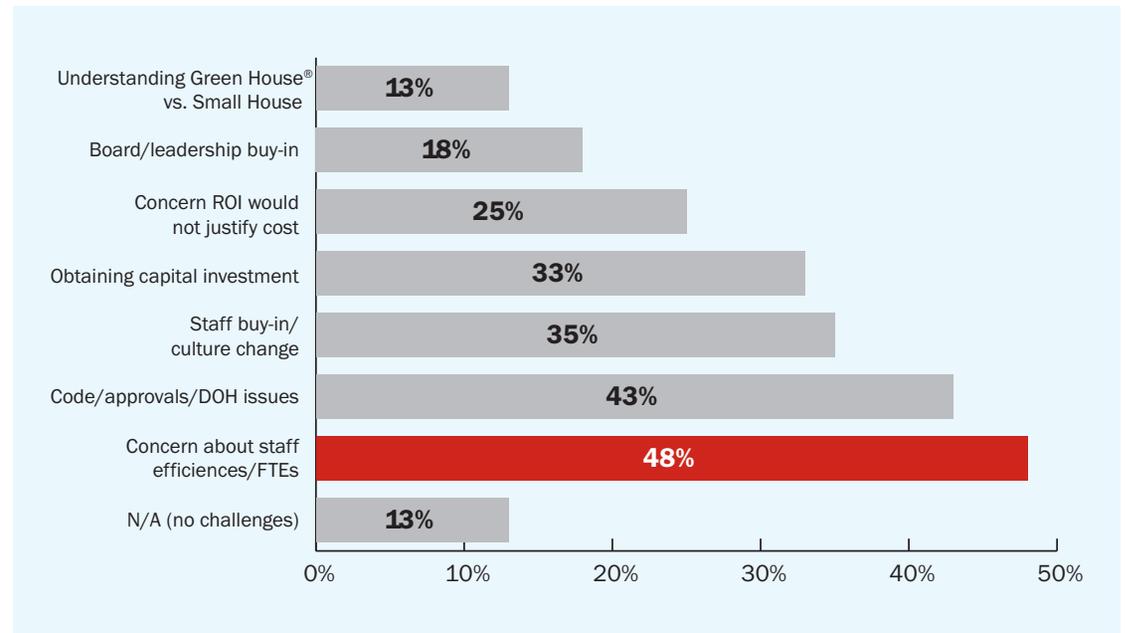
17) IF YOU/YOUR ORGANIZATION ARE CONSIDERING A HOUSEHOLD IN THE FUTURE, WHAT PART OF THE CONTINUUM WOULD IT BE A PART OF?

Of those considering a Household, almost half are interested in creating Households for assisted living memory care and/or long-term care. Almost one-third would like to introduce an assisted living Household. Eighteen percent are interested in a short-term rehab Household, and 13% for a community-based senior service-type provider (e.g., community day care, respite care). [Answered: 40]



18) WHAT ARE YOUR/YOUR ORGANIZATION'S BIGGEST CHALLENGES TO INTRODUCING THE HOUSEHOLD MODEL?

Almost half of the respondents who are considering introducing the Household model of care are concerned about staff efficiencies/FTEs. Forty-three percent believe they will be challenged by issues related to codes/approvals/Department of Health support. Thirty-five percent feel staff buy-in/culture change will be an issue. One-third expects difficulty obtaining the capital needed for the changes. One-quarter think a challenge may be that the ROI will not justify the cost to change to the model. Eighteen percent think their Board/leadership buy-in will be a challenge, and 13% think they will be challenged by understanding the difference between Green House[®] and a Small House. [Answered: 40]

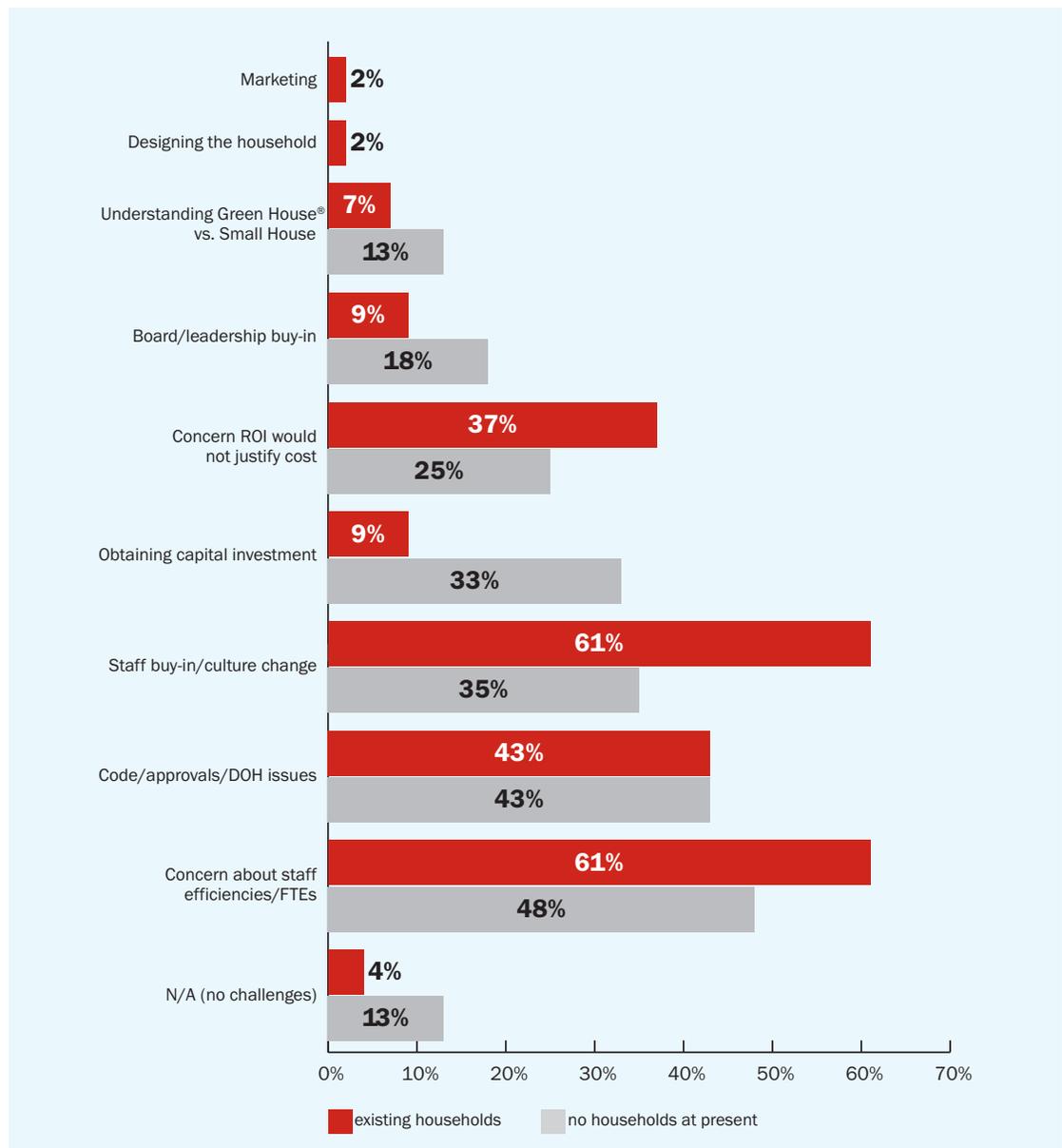


A COMPARISON – QUESTION 15 VS. 18 BIGGEST CHALLENGES TO INTRODUCING THE HOUSEHOLD MODEL (THOSE WITH EXISTING HOUSEHOLDS VERSUS NONE AT PRESENT)

When the responses from those with existing Households are compared to those who do not have a Household at present, relatively few faced or expect no challenges. Of those with challenges, the biggest issue for both groups is addressing staff efficiencies/FTEs. Sixty-one percent of respondents with existing Household models of care faced this challenge; 48% of those without Households at present expect to face this challenge.

Staff buy-in/culture change was another challenge that many respondents with Households (61%) had to deal with, whereas only 35%—nearly half the rate—of those without Households anticipate this will be an issue, perhaps because there is greater understanding and acceptance of Households in today’s senior living industry. Today, fewer respondents are also expecting to be challenged by the ROI not justifying the cost to change to the model, with 25% of those without Households compared to 37% who currently have Households, again perhaps because early-adopters have already shown substantial ROIs.

Interestingly, the expectations for and realities of dealing with issues related to codes/approvals/Department of Health support is the same, coming in at 43% of both groups. On the other hand, those without Households at present may be overestimating the challenges they could face in regards to Board/leadership buy-in (9% reported an actual challenge versus 18% who are anticipating this challenge), obtaining the capital investment needed for the changes (9% actual versus 33% anticipated), and their ability to understand the difference between Green House® and a Small House (7% actual versus 13% anticipated).

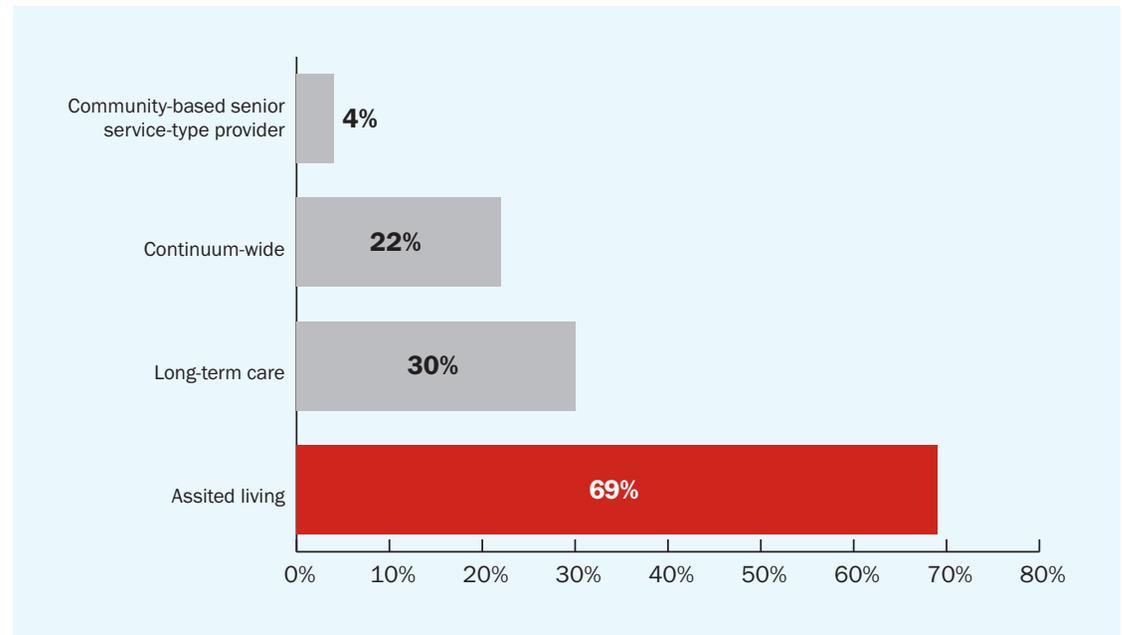


Special memory care program

Ninety-seven respondents (about 59% of all the Special Memory Care Program Survey respondents) reported they have a special memory care program; 83 were willing to answer questions about their program.

19) WHAT PART OF THE CONTINUUM DOES YOUR ORGANIZATION'S MEMORY CARE PROGRAM SERVE?

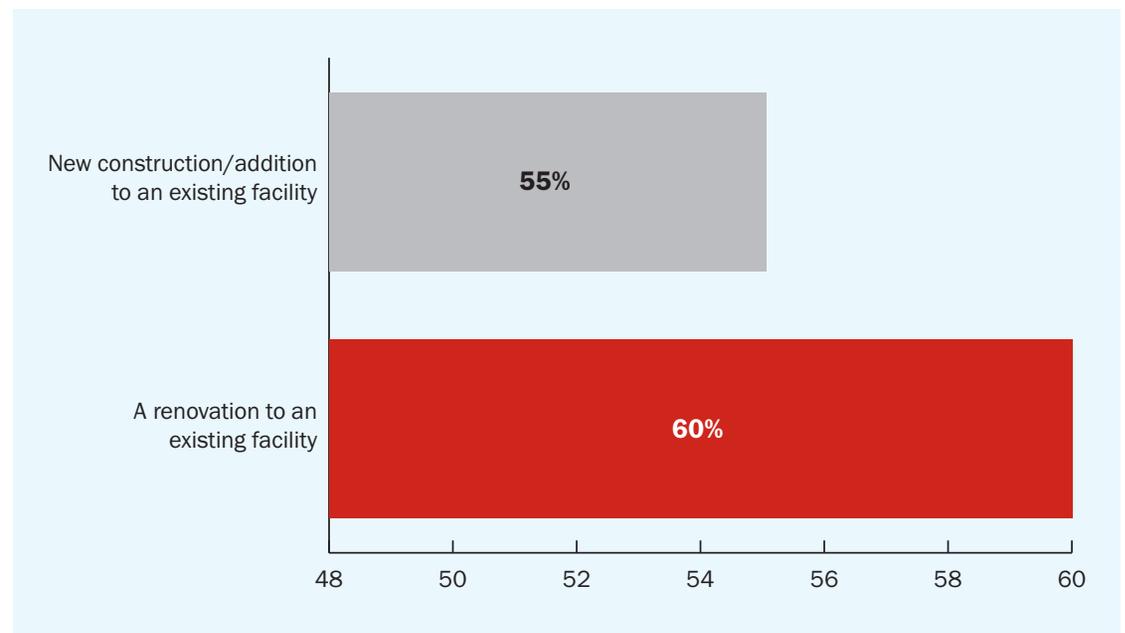
Sixty-nine percent of respondents provide an assisted living memory care program. Thirty percent have long-term care programs, and 22% offer memory support continuum-wide (in all settings). Only 4% of the respondents were a community-based senior service-type provider (e.g., home health, adult day care, respite care, PACE). [Answered: 78]



20) WAS YOUR ORGANIZATION'S MEMORY CARE PROGRAM CREATED FROM...?

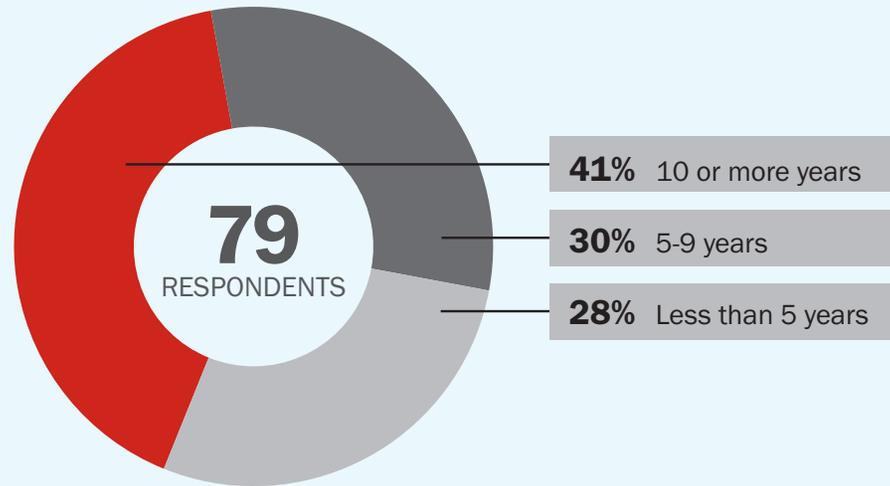
Sixty percent of the respondents' memory care programs are housed in a renovated facility; 55% consist of new construction or an addition.

[Answered: 78]



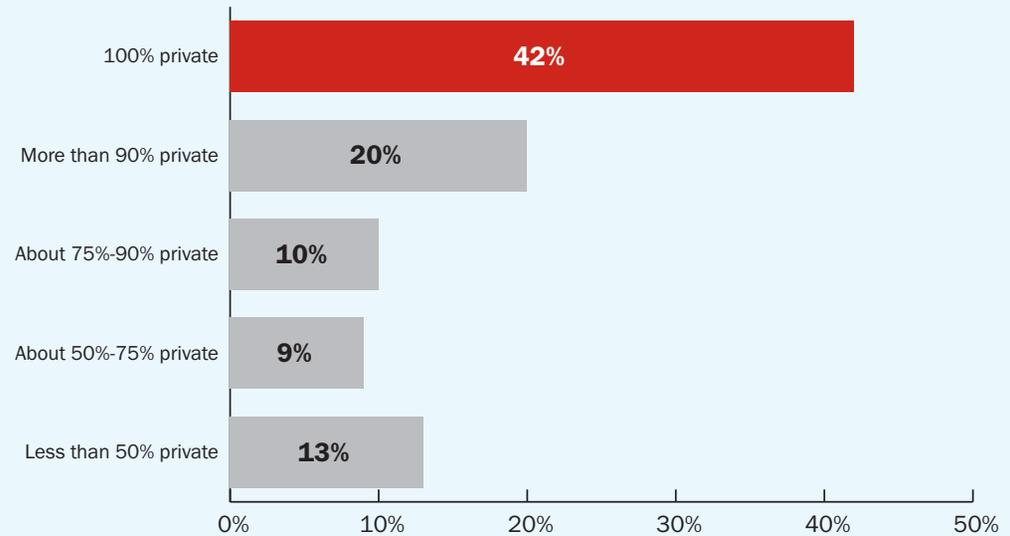
21) HOW LONG HAS YOUR ORGANIZATION'S MEMORY CARE PROGRAM EXISTED?

Forty-one percent of the respondents have had a memory care program for 10 or more years. Thirty percent have programs between 5 and 9 years old. Twenty-eight percent of the programs have been in existence for less than 5 years. [Answered: 79]



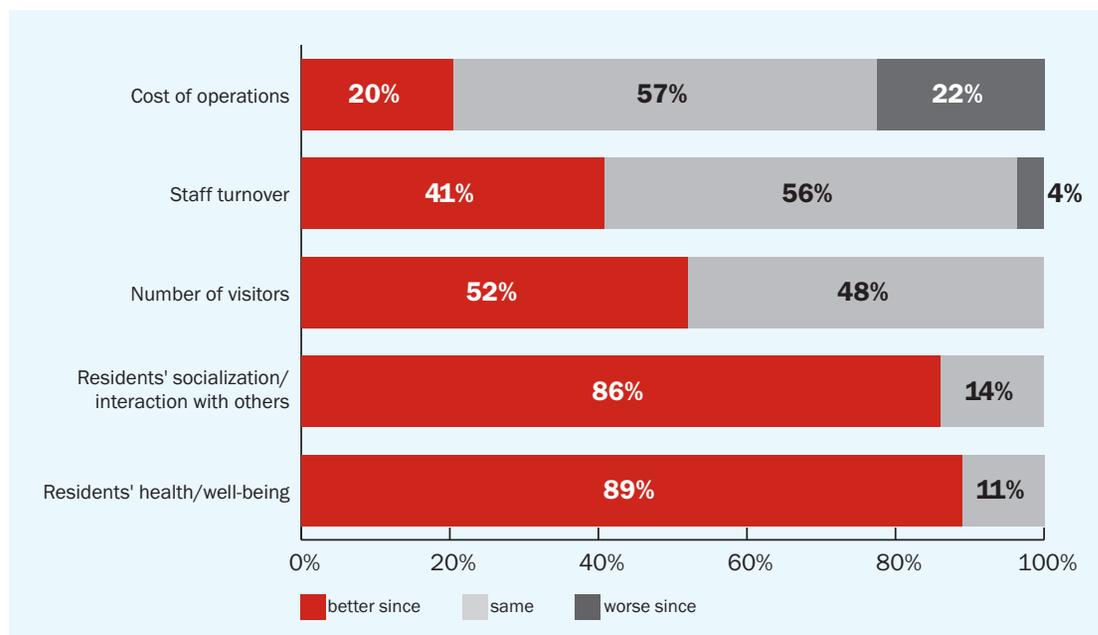
22) WHAT PERCENTAGE OF RESIDENT BEDROOMS IS PRIVATE IN THE (TYPICAL) MEMORY CARE PROGRAM AT YOUR COMMUNITY?

Forty-two percent of the respondents offer 100% private bedrooms in their memory support facilities. Twenty percent are more than 90% private, and 10% are about 75-90% private. Nine percent have 50-75% private bedrooms, and 13% offer less than 50% private rooms. [Answered: 77]



23) PLEASE RATE THE FOLLOWING REGARDING YOUR ORGANIZATION'S MEMORY CARE PROGRAM ACTUAL BEFORE AND AFTER "FIRST HAND" EXPERIENCES. COMPARE THE MEMORY CARE PROGRAM AS IT IS NOW TO THE MEMORY CARE PROGRAM THAT EXISTED BEFORE.

Nearly 9 out of 10 respondents reported that residents' health/well-being is better since the introduction of their memory care program. Likewise, 86% said residents' socialization/interaction with others was also better. About half of the respondents feel the number of visitors (residents' family/friends) has improved, with the others reporting that visitation is the same. A little over half also said staff turnover is the same, though 41% reported it is better. A handful of respondents, however, indicated staff turnover is now worse. Fifty-seven percent of respondents also noted that the cost of operations is the same, though 20% said it has improved, and 22% reported it was worse. [Answered: 74]



CHARLOTTE, NC

David Segmiller AIA
Principal
d.segmiller@perkinseastman.com
704.940.0501

CHICAGO, IL

Joseph Hassel IIDA
Principal
j.hassel@perkinseastman.com
312.755.1200

NEW YORK, NY

Richard Rosen AIA, LEED AP
Principal
r.rosen@perkinseastman.com
212.353.7200

PITTSBURGH, PA

J David Hoglelund FAIA, LEED AP
Principal and Executive Director
d.hoglelund@perkinseastman.com
412.456.0900

Martin Sieferting AIA
Principal
m.sieferting@perkinseastman.com
412.456.0900

SAN FRANCISCO, CA

Leslie Moldow FAIA, LEED AP
Principal
l.moldow@perkinseastman.com
415.926.7900

WASHINGTON, DC

Daniel Cinelli FAIA
Principal and Executive Director
d.cinelli@perkinseastman.com
202.861.1325

Gary Steiner AIA
Principal
g.steiner@perkinseastman.com
202.861.1325