ASSISTED LIVING: A POTENTIAL SOLUTION TO CANADA’S LONG-TERM CARE CRISIS

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EXECUTIVE SUMMARY

BACKGROUND

Canada’s age 65 and older population is projected to continue its strong growth over the next two decades. This group is expected to increase in size by 85 percent between 1998 and 2021 and will represent 18% of Canada’s total population, up from the current 12.3 percent. Even more significantly, Canada’s elderly population is becoming top-heavy with persons in the oldest age brackets. By 2021, 29 percent of Canada’s seniors will be in the age 75-84 bracket and 13 percent will be age 85 and over. Persons at such ages are at increased risk of chronic health problems and physical and cognitive impairments that threaten their ability to maintain independent households.

These vulnerable elders rely mostly on spouses, daughters, and other family members to help maintain their dwellings and conduct everyday activities. Families, however, are finding it increasingly difficult to fulfill their caregiving responsibilities, and even the most well intentioned persons sometime provide incompetent care. Future demographics and lifestyle changes are expected to result in family members becoming an even less viable source of informal care. Hiring a full-time, privately paid caregiver may be an option, but usually only for wealthier seniors. All Provinces and Territories offer publicly subsidized home-based services, but demand for this assistance now outstrips supply. The unmet needs are especially great for elders with chronic disabilities who require continuous personal care and nursing services if they are to avoid having to move to a long-term care institution. Elders who live in less-populated rural areas are more disadvantaged than others.

The backbone of Canada’s organized response to elder frailty, its publicly subsidized nursing homes, are also in short supply in most Provinces and Territories. Provinces, such as Ontario, Alberta, and British Columbia, have long waiting lists for nursing homes, and seniors often cannot be admitted into their first choices. Current occupants of these facilities, moreover, are at serious risk of losing their dignity and individuality and many professionals interviewed for this study agree that a significant percentage of nursing homes are of poor quality. Providing appropriate shelter and care to satisfy the needs of frail elders is further threatened by other nursing home admission policies. Provinces and Territories, worried about the increasing costs of publicly subsidized nursing home care, are beginning to restrict admittance to only the frailest elders. Thus, a growing number of seniors will no longer be able to avail themselves of this
option – whatever its inadequacies – and will be forced to find alternative shelter and care arrangements to deal with their chronic disabilities. Yet government leaders have offered no new strategies for dealing with the care needs of this ever larger group of seniors, who will still require assistance to live independently in their own dwellings.

A relatively new shelter and care option in Canada, the assisted living facility, offers promise as one solution. Already widely available in the United States, it is primarily developed by for-profit developers and targeted to upper middle- and high-income seniors. The best designed and operated of these assisted living facilities accommodate physically and mentally frail older Americans who require a protective environment, regular and unscheduled assistance with daily living activities, and some nursing care. Unlike, however, the more medically oriented environment of a nursing home, assisted living offers a “social” or “residential” care model that more closely resembles an inn or hotel in both its appearance and operation. Residents have individual apartments, can lock their doors, and have more say in their own care. Moreover, even as they need assistance to cope with their vulnerabilities, they are still able to maintain their dignity, independence, control, individuality, and privacy. Canada’s for-profit sector is beginning to provide these newer shelter and care facilities, but various social, economic, and political barriers now impede their efforts. Most importantly, they are having difficulty creating accommodations that are affordable to the majority of Canadian seniors.

The confluence of unmet senior consumer needs, the failings of current available options, and the disincentives for change present a crisis in the making. An urgency exists for proactive initiatives by both the public and private sectors to make the noninstitutional assisted living facility a widely available and affordable option for Canadian seniors.

GOALS OF REPORT

• What types of assisted living facilities are now available in Canada, particularly in the provinces of Alberta, British Columbia, and Ontario?

• What can be learned from the United States experience, where assisted living is one of the fastest growing shelter and care options. Specifically, how available is the assisted living alternative in the United States, what are its characteristics, and what recent developments are influencing its future status?

• What factors are influencing the status and future growth of for-profit assisted living facilities in Canada? What are the impacts of the following inter-linked influences?
  ➢ Inconsistent terminology describing Canada’s shelter and care alternatives
  ➢ Nursing homes as competition to assisted living facilities
  ➢ In-home services as competition to the assisted living facility alternative
  ➢ Shelter and care regulatory policies in British Columbia, Ontario, and Alberta
  ➢ Potential cost savings for Provinces and Territories that adopt the assisted living model
  ➢ Attitudes of Provincial and Territorial governments toward the private and nonprofit sectors
  ➢ Availability of financing for for-profit shelter and care facilities
  ➢ A lack of professional organizations representing the shelter and care industry
  ➢ Conventional market demand and supply factors
In light of these influences, what actions should the public, for-profit, and nonprofit sectors take to realize the full potential of the assisted living facility as a response to the unmet needs of Canada’s frail elderly constituencies?

Why is it critical for the public, for-profit, and nonprofit sectors to take these actions?

METHODOLOGY

Information was collected from four sources over a five-month period:
1. Reviews of past studies of shelter and care alternatives in Canada and the United States.
2. Site visits at nursing homes, assisted living facilities, and supportive housing developments in Vancouver, British Columbia, and open-ended interviews with their administrators.
3. Open-ended telephone interviews with developers, architects, providers, managers, and policymakers in British Columbia, Ontario, and Alberta.
4. Consensus opinions of professionals who design, develop, and manage housing for frail Canadians on the challenges facing the seniors’ housing industry and the solutions needed to create more available and higher-quality noninstitutional housing options. These opinions were identified through the Nominal Group Technique, a small-group information-gathering strategy.

KEY FINDINGS

1. In the U.S., assisted living facilities have emerged as an important shelter and care component to accommodate the needs of frail seniors. Their growth was especially striking during the 1990s, and there are now over 775,000 assisted living units in over 27,000 facilities.

2. Since the mid-1990s, for-profit developers in Canada have produced shelter and care facilities that resemble the U.S. model of assisted living. As is true in the United States, the industry is becoming dominated by a small group of larger developers and experienced management firms. U.S.-based assisted living facility corporations are aggressively pursuing development opportunities in Canada.

3. Comprehensive Federal or Provincial/Territorial surveys or enumerations of available noninstitutional shelter and care units found in Canada are lacking. Thus, generalizations are difficult to make about the number of assisted living facilities in Canada, about the design, physical infrastructure, organizational features, and costs of these facilities, or the social, economic, and health profiles of their elder occupants.

4. Assisted living facilities in Canada differ in several important ways from the prototype U.S. version. They are less likely to be freestanding and are more likely to be physically linked to a nursing home. They are less likely to employ dedicated on-site staff to assist residents with their personal care and nursing needs, but rather hire or subcontract an “outside” home support or home care agency that responds to resident requests as-needed. Canadian facilities are less likely to be occupied by very frail seniors. They have lower staff-resident ratios and are less likely to provide unscheduled personal care assistance or nursing services. A smaller percentage of facilities have wings or units that can accommodate seniors with Alzheimer’s Disease.
5. In Canada, Federal and Provincial/Territorial governments, health care professionals, developers, management firms, academics, and the press use the term assisted living very inconsistently. An inconsistent and confused product identity is not helpful to elderly consumers or their family members who must make informed decisions. It is also not helpful to professionals charged with referring clients to appropriate shelter and care choices, marketing professionals attempting to advertise and sell the concept, or financial institutions risking large capital sums to develop these facilities. It also makes this shelter and care option more difficult to distinguish from the more familiar nursing home.

6. Based on published statistics, Canadian elders are more likely than U.S. seniors to occupy institutions like the nursing home, even as these long-term care alternatives are now considered to be in short supply in provinces such as Ontario, Alberta, and British Columbia. Certain provinces have notably higher rates of nursing home occupancy than others. Moreover, a significant share of the existing supply of nursing home beds is considered by many professionals to be in poor quality facilities, thus further reducing the real choices of many elder consumers. To reduce demand, several provinces are planning to increase the frailty threshold levels of seniors they will admit into their publicly subsidized nursing homes, thus requiring less frail seniors to find other alternatives. Altogether these factors suggest a large and growing latent demand for assisted living facilities by frail Canadians who would otherwise occupy nursing homes.

7. Several factors are making it difficult to provide assisted living facilities to meet this potential demand. First, given current development and management costs, most assisted living facilities charge monthly fees that make them unaffordable to most Canadians. Even higher income seniors are reluctant to pay substantial out-of-pocket costs for a private-pay assisted living facility given their prevalent view that long-term care is an entitlement, the cost of which should be mostly assumed by their government. Second, Provincial and Territorial governments, for their part, have not seriously considered the possibility of subsidizing these alternatives as they do nursing homes even though such a policy shift would result in real long-term care cost savings. Third, potential developers of this shelter and care option currently confront various financial, regulatory, management, and marketing disincentives and barriers. And fourth, gatekeepers in the health care system, who are responsible for helping frail seniors cope with their activity limitations, are accustomed to steering their clients to nursing homes.

8. Most Canadian seniors cope with their physical or mental disabilities and chronic medical conditions with the help of spouses or other family members in the comfort of their own houses or apartments. They also rely on the relatively low-cost publicly funded Provincial and Territorial home support (e.g., personal care and homemaking) and home health care assistance (e.g., services delivered mostly by nurses and therapists) programs. These services, however, are often unavailable when needed and cannot always be relied on to provide high quality outcomes. They are especially inappropriate for elders with multiple chronic impairments who require ongoing, unscheduled assistance and nursing care. These inadequacies are expected to worsen. Provinces will experience further pressure on their
limited home-based service budgets as demands increase for post-acute and rehabilitative home care and as nursing homes stop admitting less frail seniors. Altogether, these factors suggest the urgency of offering the assisted living facility as an alternative because of its ability to provide more reliable and high-quality personal assistance and nursing services.

9. The regulatory oversight of noninstitutional shelter and care facilities, like assisted living facilities, in the provinces of Ontario, British Columbia, and Alberta ranges from nonexistent to weak. This inadequate regulatory environment leads to the following four unfavorable consequences:
   - Disincentives for the development of assisted living facilities
   - Poorly distinguished noninstitutional shelter and care products and a confused Canadian consumer
   - Noninstitutional shelter and care alternatives that now fall short of providing a desirable assisted living model of care
   - The perception and the reality that current noninstitutional shelter and care facilities are providing poor quality care

10. The prospect of slowing the growth of their long-term care expenditures is a major incentive for Provincial and Territorial governments to stimulate the production of assisted living facilities. Fiscal savings can be realized in several ways:
   - Higher income frail seniors are attracted to better-quality private pay assisted living facilities and a smaller share of this group occupies publicly subsidized nursing homes.
   - Provincial and Territorial governments subsidize the care in for-profit assisted living facilities. They incur savings by diverting elder consumers from more highly subsidized nursing homes.
   - The government’s cost of providing care to older people in their geographically dispersed residences will often be greater than providing the same care to residents concentrated in an assisted living facility. Service delivery economies of scale are more likely to be realized in assisted living facilities staffed with full-time service providers. To the extent that elders are better served in assisted living facilities than their own dwellings, they will also delay relocation to the more expensive government-subsidized nursing homes.
   - Compared to their costs of building nursing homes, Provincial and Territorial governments could reduce their development/construction expenditures if they build less costly assisted living facilities.
   - A more business-friendly Provincial and Territorial environment will encourage more builders and providers to enter the for-profit assisted living facility market. Increased competition may drive down assisted living facilities’ prices, and in turn the per diem subsidization rates of Provincial and Territorial governments.

11. Canadians and their social institutions frequently identify the for-profit sector’s financial and self-serving motives as sources of concern. In some provinces more than others, this results in the public sector’s mistrust of for-profit housing developers. For-profits are suspected of charging excessive prices, offering less service, and producing housing that leads to poorer-quality outcomes. This results in government policies that discourage the building of noninstitutional shelter and care facilities, such as assisted living facilities,
and in missed opportunities for mutually beneficial collaborations between the two sectors.

12. Currently, only a few banks, life insurance companies, trust companies, and pension funds in Canada provide the majority of debt and equity financing for noninstitutional assisted living facilities. These lenders, however, are usually only interested in financing new facilities if developers have secured loan insurance from the Canada Mortgage and Housing Corporation (CMHC). Conventional (noninsured) debt financing is less available, requires the developer to have greater equity, and often results in higher loan costs. The reticence of Canada’s financial institutions to provide capital to this emerging shelter and care industry and the stringent insured mortgage underwriting standards of CMHC have restricted the growth of this alternative. Only the larger and most experienced private developers have been able to operate successfully in this difficult lending climate.

13. The for-profit senior shelter and care industry lacks a national professional organization that adequately represents its interests. This results in missed opportunities for voluntary self-accreditation and self-policing; public relations and image building; lobbying and advocacy; research and data gathering about industry products; the expansion of financing opportunities; member training; and member network building.

14. Certain provinces more than others have become attractive markets for assisted living facilities. Ontario, British Columbia, and Alberta are particularly distinguished by their larger and higher-income age 75 and over populations. Nonetheless, consumer markets in these provinces are still narrowly defined because higher-income seniors are still predominant users of subsidized home-based services and nursing homes.

15. Various challenges face those developing and marketing assisted living facilities:
   - Canadian consumers are largely uninformed about this alternative and have difficulty understanding how it differs from the conventional nursing home.
   - Developers have to overcome the negative press coverage of noninstitutional shelter and care products (such as in Ontario).
   - Developers themselves are sharply divided as to the types of building, operating features, and housing tenure (owner vs. renter) elderly consumers find most attractive.
   - Data are unavailable from methodologically valid, large scale, national surveys or enumerations that identify senior consumer shelter and care preferences.
   - For-profit assisted living facility developers must deal with the prospect of a changing regulatory environment, uncertain Provincial and Territorial policies toward subsidizing their housing products, the uncertain availability and cost of financing for their developments, the prospects of more stringently insured loan policies of Canada Mortgage and Housing Corporation (CMHC), and the emergence of newer generations of seniors with different service preferences and different attitudes toward paying for long-term care.
   - Developers of assisted living facilities often have difficulty finding experienced and sophisticated management firms to operate their facilities’ care component.
In certain urban markets, land prices are especially high, thus driving up prices charged by assisted living facilities.

In certain provinces more than others, labor unions demand higher wages for their members and more generous benefit packages, thus driving up prices charged by assisted living facilities.

In certain municipalities more than others, community and neighborhood associations attempt to use zoning or land-use regulations to block the introduction of a new noninstitutional shelter and care facility.

AN AGENDA FOR ACTION

The report makes twenty-seven recommendations designed to improve the visibility, acceptance, availability, and quality of the assisted living facility option, and to make it more affordable for frail older Canadians. These proposals require actions by Federal and Provincial/Territorial governments and for-profit sponsors. Nine broad categories of actions are critical:

1. Federal/Provincial/Territorial governments must recognize the assisted living facility option as a legitimate noninstitutional long-term care approach that can fill a big gap in the currently available elder shelter-care continuum. They must recognize how Canada’s traditional bulwarks of long-term care – publicly subsidized home-based services and nursing homes – are increasingly unable to satisfy the new realities of senior consumer demand.

2. Federal/Provincial/Territorial governments must initiate new programmatic, regulatory, and fiscal policies to make assisted living facilities easier to develop and manage. They must establish partnerships and alliances with both the for-profit and nonprofit sectors to increase the availability of this noninstitutional shelter and care alternative.

3. Federal/Provincial/Territorial governments should develop educational and media campaigns, targeted to consumers and professionals that promote the individual and societal advantages of assisted living facilities.

4. Federal/Provincial/Territorial governments must view the assisted living facility as an option not just for wealthy Canadians, but also for seniors who currently cannot afford this alternative. Thus the public sector must be willing to subsidize this noninstitutional alternative, recognizing that over the long-run it can realize large fiscal savings by not having to rely only on publicly subsidized home-based service and nursing home alternatives.

5. Federal/Provincial/Territorial governments must create a regulatory environment overseeing the assisted living facility alternative that protects senior consumers and insures high quality accommodations and care. While current regulations are unsatisfactory, the standards replacing them should not violate the ideal principles of this shelter and care option. There is justifiable apprehension about the possibility of mimicking the oppressively micro-managed regulatory structure now overseeing Canada’s nursing homes.
6. The for-profit community must aggressively promote the assisted living facility as a critical component of Canada’s shelter and care continuum. Together, its major stakeholders must create a professional organization with Provincial affiliates dedicated to promoting their specific interests.

7. The for-profit community must provide Canada’s financial institutions with more cogent arguments for the greater availability of capital to invest in the development of noninstitutional shelter and care alternatives like assisted living facilities.

8. Local governments must initiate land use and zoning policies that make it administratively easier for developers to locate their assisted living facilities.

9. For-profit sponsors, perhaps in conjunction with universities, should research the availability and characteristics of the current inventory of noninstitutional shelter and care facilities, the characteristics of their developers and managers, the socio-economic, health, and psychological profiles of their occupants and potential consumers, and resident outcomes.

CONCLUSION

Now is the time to act. A crisis is in the making. The shelter and care demands of a growing population of frail seniors cannot be addressed through a business-as-usual attitude. Both the public and private sectors in Canada must proactively respond to the growth in seniors needing noninstitutional shelter and care alternatives, such as assisted living, to cope with their age-related frailties. Steps must now be taken to avert the inevitable stresses that Federal, Provincial and Territorial governments will confront as they attempt to satisfy the unmet needs of their current and future frail elderly constituencies. The Canadian senior will be the biggest loser if such attempts fail.
ABOUT THE AUTHOR

STEPHEN M. GOLANT, a gerontologist and social geographer, has been conducting research on the appropriateness of the housing, neighborhoods, and communities occupied by the elderly population for the past 28 years. He has published over 90 papers on his research interests and has authored or edited seven books. He received his Ph.D. at the University of Washington in 1972, where he specialized in social gerontology and urban geography and completed his B.A. and M.A. degrees in urban geography at the University of Toronto. He has been a professor at the University of Florida since 1980 and was earlier an Assistant and an Associate Professor in the Committee on Human Development (Department of Behavioral Sciences) and Department of Geography at the University of Chicago.

Dr. Golant is a Fellow of the Gerontological Society of America, serves on the editorial boards of the Journal of Gerontology and Journal of Aging Studies, is on the Board of Trustees of the Florida Council on Aging, and has been Editor-in-Chief of the magazine, Responses to an Aging Florida, published by the Florida Council on Aging. He has been a consultant or adviser to various consulting firms, universities, state government agencies, foundations, and national organizations. He has also been a guest on various television programs, including the ABC’s national news program 20/20.

He most recently completed The CASERA Project (Creating Affordable and Supportive Elder Renter Accommodations) with funding from the Retirement Research Foundation of Chicago. This two-year project evaluated the extent that older persons living in Florida’s rent-subsidized apartment housing had unmet self-care and service needs and how housing sponsors and managers coped with their more frail tenants. The project outlined five service delivery models designed to link older tenants more effectively with the supportive services they needed to remain independent, and proposed over thirty specific recommendations to facilitate the aging in place of older persons in their current accommodations.

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