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## Demand For Assisted Living Limits Discounts, But Incentives Exist

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MarketWatch

DECATUR, Ga. -- The sagging economy has forced the owners of some of the country's more lavish retirement communities to slash fees and offer other incentives to fill empty units, but seniors in need of assisted-living care aren't catching the same big breaks because demand for those facilities remains high.

Still, those in need of assisted-living care will find some discounts and loan programs available to help with some of the costs.

When 75-year-old Nick Migliaccio's age-related dementia progressed to the point he needed full-time care last fall, his daughter Kristen Migliaccio-Walle said she and husband Gabe Walle were happy to help subsidize his care, which was estimated to range from \$4,000 to \$6,000 a month at the Isles of Ledgewood, a Milford, N.H., assisted living community operated by Seattle, Wash.-based Emeritus Corporation. (ESC: 14.65, -0.03, -0.2%)

However, they were not thrilled at the prospect of taking money out of their stock investments when the market had hit historic lows, she added.

Fortunately, Emeritus offered a small move-in discount, and the couple has been able to defer costs for the next 12 months via an interest-only unsecured line of credit from Washington, D.C.-based Elderlife Financial Services, LLC, which specializes in offering bridge loans for senior living expenses.

"We also have two small children, so we are able to fund both and be comfortable given the insecurity of jobs at this time," said Migliaccio-Walle, a health economic consultant. "This allows us to not have to pay it all upfront and have some flexibility in the event anything happened."

One big reason that assisted-living providers have not dropped prices significantly is that they do not need to -- occupancy rates only declined slightly last year, and by the fourth quarter, when the economy took its deepest hit, they had already shown signs of stabilizing, said Robert G. Kramer, president of the National Investment Center for the Seniors Housing & Care Industry (NIC: undefined, undefined, undefined%).

After steadily declining from a 91.5% peak in the first quarter of 2007, average assisted living occupancy rates in established properties rose from 89.3% to 89.4% from the third to the fourth quarter of 2008, and revenue per occupied unit also grew slightly last year, according to NIC data.

"It's still too soon to say it's definitely bottomed out, though, because there is sensitivity to two factors -- what's happening in the residential housing market and unemployment rates among adult children," Kramer said.

While seniors themselves contribute just over half of all their assisted-living costs, family members often help cover expenses, subsidizing more than one-third of residents, according to the 2006 Overview of Assisted Living jointly produced by the NIC and four senior housing trade associations.

### The cost of moving in

Further evidence of the strong demand for assisted living can be seen in a 12% increase in move-ins facilitated by Seattle-based A Place For Mom Inc., the largest nationwide elder care referral service, in the first three months of 2009 compared with the fourth quarter of 2008, said John Temple, the company's co-founder and COO.

"Many companies are having their largest move-ins ever," he added. "I believe what happened is everybody decided to wait, but while things haven't gotten less scary in the world's stock markets, assisted living is an urgent need and there's a limit to how long anyone can wait."

Assisted living also differs from independent senior options in that moving in, while not cheap, typically only requires one month's rent and a community fee, often the same amount.

Monthly rates for a single-occupancy unit in an assisted living community average \$3,430, or \$41,160 per year across all 50 states, according to a Northwestern Mutual Life Insurance Company study released in February. The most expensive average rate is \$4,406 in Hawaii, while the least expensive is \$1,901 in North Dakota.

In contrast, continuing care retirement communities, which provide a range of living arrangements from independent units to skilled nursing facilities, typically not only charge monthly rent but also require entrance fees that can be as high as \$400,000 or more, about 90% of which will be repaid to residents or their estate when the unit is reassigned to a new occupant.

Even before the economic crisis, Emeritus allowed sales staff the flexibility to offer some financial incentives to help make the move-in more affordable, said Jayne Sallerson, senior vice president of marketing for the company, which is the nation's second largest provider of assisted living services with a resident capacity of 30,330 in 2008.

But in response to what Sallerson calls the "fear factor" caused by a constant barrage of negative financial news, the company formalized its move-in financial programs and assistance last September into two programs listed prominently on the front page of its Web site -- Financial Solutions and Personal Transitions.

The former lists a range of payment and loan offerings, including the Elderlife program, and the latter is a straight-up \$500 coupon that can be used to pay for a range of services from agent fees to sell a senior's home to consultations with a financial planner or eldercare attorney.

"Because the economy is so top of the mind right now, we needed to say 'we're here to help you,'" Sallerson said.

### Location by location discounts

Brentwood, Tenn.-based Brookdale Senior Living Inc. (BKD: 11.22, 0.17, 1.54%) also is an Elderlife partner but it has limited incentives, such as discounting the first month's rent or waiving part of a community fee, to specific locations such as California or Florida which have been harder hit by the housing slump or where competition is more heated, said Ron Aylor, senior vice president of sales.

Brookdale is the world's largest senior living service provider with 52,000 residents, about half of which are in assisted living or memory care. Occupancy has remained essentially flat nationwide, he added.

Some assisted living providers have not added any discounts at all in response to the economy, such as Redmond, Wash.-based Aegis Living, Inc., which has 33 properties

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licensed to provide assisted living in California, Nevada and Washington.

Instead the privately held company's only recent changes to drive assisted living census are a "Try Us and Save Program" through May 1, which allows seniors to convert the cost of a one-week minimum respite stay towards move-in costs, as well as releasing a flyer which gives senior and their families questions to ask a deep discounting competitor about its care services and financial health.

Aegis decided instead to maintain a long-term policy of competing on value and promoting its low employee turnover rates, and the strategy seems to be working in that its only occupancy decline was 2 percent in September, when the stock market took its deepest plunge, said Dwayne J. Clark, Aegis's CEO and founder.

"We never want to compete on price," Clark said. "We feel it's OK to shop around for a plasma screen TV or a new washing machine, but it's not OK for the best decision in your mom's care."

Other ways to save

Even if no formal discounts are offered, seniors and families can reduce costs by sharing with a roommate, selecting a smaller unit or asking if a community has any lower-priced rooms, for instance ones in the back of the property, Temple said.

Seniors and families also often are unaware of a lucrative Veteran's Administration benefit that will pay up to \$1,632 a month for care for any veteran who performed active service in a war or \$1,055/month for their surviving spouse, he added.

"Given that just about everybody in this generation of seniors was involved in World War II, the likelihood of qualifying for that benefit is huge," Temple said.

However, while saving money is attractive, consumers ultimately should consider that quality care entails a certain set costs for caregivers and nurses, as well to maintain the physical plant and property, Temple said.

"If someone is discounting more than anyone else in a market, we definitely warn families to take a careful look," he added.

When a senior has Alzheimer's disease or another form of dementia, being a fully informed consumer becomes even more crucial, said Elizabeth Gould, director of quality care programs for the Alzheimer's Association.

"You want to make sure that staff are trained and know how to address dementia because the needs can be very different and because of the progressive nature of the disease, the condition will change and become worse," she added.

The American Association of Retired Persons provides tips on how to select and find an assisted living community at its Web site, [www.aarp.org](http://www.aarp.org). The Alzheimer's Association offers tools to assess and find facilities offering all types of dementia care in the CareSource section of its Web site, [www.alz.org](http://www.alz.org).

Anya Martin is a freelance writer based in Decatur, Ga.

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