



# THE MEDICARE ADVANTAGE OPPORTUNITY FOR SENIOR HOUSING

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## The Medicare Advantage Opportunity for Senior Housing

Most senior living providers today have wholeheartedly adopted a private payment model that offers control and steady financial rewards based on service-enriched housing. Despite the success of this approach, it might be time to look at new options.

Senior housing—namely independent living and assisted living—has intentionally elected this private-pay-only model, enjoying its benefits and mostly avoiding federal oversight and reimbursement risk. In essence, senior housing has never had to play by anyone else's rules.

Today, a boom in the number of beneficiaries enrolling in private Medicare Advantage plans, in conjunction with a major push among policy makers and private companies toward more coordinated and value-based care provided in the home, is positioning senior living as a very attractive health care partner and opening up potential new revenue streams.

These dramatic shifts are forcing senior housing providers to rethink their position in the care continuum and make major decisions about what role they want to play in the future.

### Key Takeaways

- Medicare Advantage enrollment is rising rapidly, opening the market for new plans and new approaches.
- Coordinated care is becoming more valuable to payers, which are increasingly rewarding care settings for quality rather than quantity.
- Recent regulatory changes are beginning to allow for Medicare Advantage to cover personal care services and home-based care delivery, both of which could present opportunities for senior housing and care providers.
- Major health systems are already actively pursuing deals to capture and control the entire care continuum, including senior housing in some recent examples.
- There are many ways senior housing can take advantage of the changing health care landscape, and the innovative providers will gain most by getting involved now.

Oak Crest, an Erickson Living community.  
(Photo courtesy of Erickson Living)



# WELCOME TO THE VALUE-BASED CARE REVOLUTION

The shift to a value-based care environment is not going to be an easy change for most senior housing operators, but if recent moves among major health care players and payers are any indication, the effort will be worthwhile. Like these other players, senior living is beginning to see that opportunities offered in a growing value-based care landscape could enhance their bottom line and position them for more long-term success and stability.

The business case is getting harder to ignore especially for those companies that already offer skilled nursing and are used to dealing with the Centers for Medicare and Medicaid Services (CMS) and private managed Medicare Advantage plans. That's because increasingly, payment models are shifting to a value-based approach—namely, payers are paying more for quality outcomes and they are abandoning the former fee-for-service model that paid based on quantity of services.

Care providers and payment experts agree: better outcomes are more easily achieved among a residential care population than across a disparate mix of hospital, home, skilled nursing facility or other care settings. Therefore, senior living is already the perfect place to achieve these highly desired outcomes. It is essentially the last remaining element not yet being compensated for its role in a value-based system.

“Senior housing is a great platform for providing very effective care coordination and value-based care for Medicare beneficiaries,” says Anne Tumlinson, CEO of Washington, D.C.-based health care consultancy Anne Tumlinson Innovations. “It is ideal. You can be incredibly effective in reducing hospitalizations, in reducing [Emergency Room] use, in reducing polypharmacy use, rehab—all of the things we know from years and years of research are the cornerstones of a care coordination model are pumped up on steroids in senior housing.”

## What does Medicare Advantage cover?

Medicare Advantage plans, offered by private insurance companies, present an alternative to original Medicare. These HMOs and PPOs bid for Medicare dollars from the federal government with the idea that they can turn a profit by managing care for Medicare beneficiary populations. Typically, the plans cover inpatient hospital stays and preventative care, as original Medicare does. However, they also tend to cover some additional health care items such as vision, hearing, dental, and/or health and wellness programs. Most also include Medicare prescription drug coverage. Medicare Advantage plans have never covered housing, and historically they have not been allowed to cover non-health care services such as assistance with activities of daily living.

