

STATEMENT OF MARGARET THOMPSON

I. Introduction

Good afternoon, Mr. Chairman and members of the Committee. I am Peg Thompson, Executive Vice President of Thompson White & Associates Inc. We are based in Huntsville, Alabama and operate nine assisted living communities in Alabama, Tennessee, Pennsylvania and Mississippi. I also am a founding member of the not-for-profit Assisted Living Federation of America (ALFA), the largest assisted living trade association, and it is in that capacity that I have the honor to address you today. On behalf of ALFA's 41 state affiliates and 7,000 members, including the majority of assisted living providers in the U.S., I want to thank you for this opportunity.

Since its founding in 1990, ALFA has been committed to enhancing consumer choice and championing quality of life for assisted living residents. Our members range from small family-owned businesses like mine to large national operators, both for-profit and not-for-profit, who specialize in assisted living or offer it in combination with other forms of senior housing and healthcare.

Assisted living offers a residential alternative to the elderly and others who need assistance with activities of daily living. Through our onsite staff as well as visiting health professionals who contract directly with residents, assisted living offers a blend of hospitality and access to health services that can be enhanced as a person ages and their needs change. In that way, residents can access the same health services in their assisted living residence that they would be able to access in their own home. Indeed, 80 percent of surveyed members report that home health agencies visit their premises to serve individual residents, and contract directly with residents for such services.

As diverse as ALFA's membership is, we are united by our shared commitment to ALFA's 10-point assisted living philosophy of care, which includes such core goals as offering cost-effective, quality care personalized for each individual resident's needs, in a safe environment that is the resident's home, legally and otherwise, rather than in an institution

Because they can exercise choice, residents feel that assisted living truly is their home. Because assisted living provides security, services and social life, residents can remain independent.

And because they can add services as they age, residents can move on with their life, without moving out.

Two years ago, we were privileged to address the committee for the first time and to offer our view on the findings of the April, 1999 U.S. General Accounting Office (GAO) report on assisted living. At that time, the committee challenged us, as representatives of the industry, to help clear up consumer confusion about the growing and diverse assisted living model, and to pursue industry initiatives to safeguard quality of care. **My purpose today is to update you on the progress that ALFA and its members have been making to ensure quality care for assisted living residents and to improve disclosure of provider information to consumers.**

First, I want to mention some examples of state and industry partnerships to illustrate our strong belief that the state regulatory system is working and is continuously enhancing quality of care and consumer protection. Secondly, I want to share what ALFA has done to help address the concerns raised by this committee two years ago. Lastly, I want to introduce ALFA's new *Informed Choice* campaign to bring more consistent disclosure requirements to all states while maintaining the consumer's right to choice.

II. ALFA Partners with States for Quality

ALFA's state affiliates have worked closely with policymakers in 41 states over the past two years on a wide range of quality initiatives. Compared to 10 years ago, when assisted living tended to be regulated under pre-existing housing categories such as "adult homes," assisted living regulations have come a long, long way, with the help and input of providers and consumers. **Today, not only is assisted living regulated in all 50 states and the District of Columbia, but 30 states now use the specific licensing term "assisted living," with four more states pending.**

Much of the progress that has been accomplished is directly attributable to the collaborative efforts among industry leaders, state policy makers, and consumer groups to develop a consumer-driven model of long-term care. Other changes have been initiated by states, themselves, as our industry has grown and evolved in their state. Indeed, regulations have grown and evolved right alongside the model, itself.

As a direct result of collaborative efforts between industry providers and state regulators, quality assurance has been enhanced through increased monitoring, improved staff training and a commitment to preserving consumer choice. Consider these examples of recent regulatory innovations at the state level involving ALFA and its state affiliates.

Let's look at examples of monitoring for **quality assurance** first.

Meeting consumer expectations. Iowa is experimenting with a state survey approach that challenges providers to meet residents' expectations as expressed in a state-approved customer satisfaction survey process, rather than simply settle for "minimum standards." They are using a survey instrument adapted from one that was originally developed for ALFA members.

Community certification. After more than 15 months of collaboration between the Kentucky Assisted Living Facilities Association, AARP and other consumer groups, Kentucky enacted new certification requirements for assisted living communities last March. This new consumer-driven law also includes numerous disclosure requirements and is a model for the whole country.

Emphasis on prevention. ALFA's Washington State affiliate is working on legislation that would establish a Quality Improvement Consultation Program to augment the state licensing inspection and complaint investigation process through proactive self-monitoring and quality improvement by the provider.

Outcome-based regulations. The Wisconsin Assisted Living Association is engaged in overhauling state regulations to shift the regulatory focus from prescriptive regulations to resident outcomes. The collaborative effort also would update training standards, introduce the concept of competency-based training for administrators and staff and emphasize the resident's control of medications.

Staffing is clearly a critical element of quality care. While the entire health care industry is experiencing severe staffing shortages, several states have partnered with the assisted living industry to improve training and encourage certification:

Increased training on Alzheimer's. The California Assisted Living Facilities Association (CALFA) partnered with the Alzheimer's Association to pass a bill that specified additional staff training requirements for assisted living residences that provide Alzheimer's and dementia care. The new law requires increased resident care orientation and in-service training as well as administrator certification and continuing education for those who provide care to residents with dementia.

More training and less turnover. To address high staff turnover, the North Carolina Assisted Living Association (NCALA) has recommended the state enact a "labor enhancement" program to improve staff recruitment and retention. NCALA also is working closely with regulators and legislators to enhance and implement training initiatives such as a Medication Technician Training Program. Recently, the state Department of Health and Human Services approved ALFA's Administrator Certification Program as one of only three approved courses in the state. In addition, the state is using ALFA's Alzheimer's curriculum to train staff on caring for residents with dementia.

Focus on frontline caregivers. Washington State lawmakers, with support from ALFA's Northwest Assisted Living Facilities Association, passed a more comprehensive caregiver training program last year covering orientation, basic training, continuing education and competency testing. Additional training for staff who provide care for residents with special needs, such as dementia, also will be integrated.

Raising standards where necessary. Alabama's ALFA affiliate is sponsoring legislation that would hold assisted living residence managers to a higher knowledge base, and is developing Alzheimer's-specific training standards for managers and caregivers.

Numerous states are stepping up **disclosure** requirements, particularly for Alzheimer's facilities:

The Oklahoma Assisted Living Association helped enact legislation requiring a consumer disclosure statement for assisted living communities that offer services for residents with Alzheimer's disease and other dementia-related illnesses. A Senate bill from the last session of the North Carolina General Assembly mandates full disclosure in the area of dementia-specific services and creates a separate licensure category for units or buildings dedicated to Alzheimer's care. States such as Texas, Oklahoma and California have adopted regulations requiring uniform Alzheimer's disclosure requirements and/or standardized disclosure forms that all providers in that state must complete and make available to prospective residents.

These improvements are considerable, but they would fall short of fully satisfying customers without **protection of choice** for our residents. On this front, some progress is being made:

The state of Michigan, with support from the Michigan Assisted Living Association, has approved legislation emphasizing the importance of case-by-case decision-making by a team of caregivers and doctors when it comes to deciding whether a resident can adequately be cared for in an assisted living residence, rather than leaving it up to the state regulatory agency. This places Michigan in good company with states such as Oregon, New Jersey, Maine, Kansas and Arizona, which also allow residents to choose to remain in their assisted living home despite functional decline as long as their needs can be met.

These examples of state actions offer just a snapshot of advances over the past two years that clearly illustrate the progress of a state-by-state regulatory approach. According to the National Conference for State Legislatures, over 450 assisted living bills currently are under consideration in the states and state lawmakers appear eager to determine the best approach to regulate an industry that may increasingly shoulder the nation's long-term burden. Nine states already have enacted new assisted living laws this year, including Arkansas, Colorado, Kentucky, Nebraska, South Carolina, South Dakota, Utah, Virginia and Wyoming.

ALFA's goal on behalf of the assisted living industry is to build on these regulatory successes. To that end, ALFA is taking the lead to develop "Best Practices" guidelines for assisted living regulations that

will build on the advances already made by the states to provide policy makers, consumers and providers with a framework that states can adapt to meet their own state culture and needs. ALFA will introduce these Best Practices Guidelines at a summit of state regulators to be convened this fall, which will bring together top licensing officials and industry leaders for the first forum of this kind.

III. The Doorway to Quality Care: Industry Disclosure & Training Initiatives

As we have learned from the long history of traditional nursing home regulations, regulations are useful for setting minimum standards, but cannot alone guarantee quality or excellence. The industry, too, has a vital role. Choice, competition, information, innovation, and a focus on customer service are all critical to achieving high customer satisfaction.

Provider Disclosure to Consumers. During the April, 1999 Senate Special Committee on Aging hearing on assisted living, Committee members voiced concern that consumers may not always be receiving adequate information to make wise decisions when shopping for an assisted living residence. The committee challenged ALFA to address these concerns.

ALFA is committed to educating consumers to be smart shoppers, while guiding providers to offer quality services and disclose all policies, services and fees clearly and consistently. ALFA took the committee's "wake-up call" seriously. In the area of improving disclosure, we:

1) Provided consumers with up-front information to make wise long-term care decisions. ALFA provided every one of our members with a "Consumer Information Statement" and a sample "Resident Admission Agreement" to use with new and prospective residents. In addition, we updated and revised our 15-page "Assisted Living Guide & Checklist,"

The "Consumer Information Statement" is for providers to give to a potential resident and their family during the initial interview to help them navigate the choices available. It discloses key information about services, fee structure, policies and staffing in an up-front, consistent way. Some states have used this statement as a reference when revising their disclosure requirements. Many other states have strengthened or already have strong consumer disclosure requirements. ALFA will continue to pursue all remaining states to likewise adopt such disclosure requirements through our *Informed Choice* campaign.

ALFA's sample "Resident Admission Agreement" was created to serve as a guide for assisted living communities when creating their own agreements. Adaptable for use in any state, it calls for clearly communicating services, fees, admission and discharge criteria, and house rules in understandable language.

The 15-page "Assisted Living Guide and Checklist" is provided to consumers free of charge by ALFA and our members. The guide has been updated to emphasize the importance of resident admission agreements, of being an informed consumer, and former Special Committee on Aging Chairman Senator Charles Grassley's own "Tips for Assisted Living Consumers." In the past 12 months, alone, more than 150,000 brochures have made their way into the hands of consumers across the U.S. I, for one, require my own communities to use this excellent guide with every inquiry.

2) Provided more information about specific residences on the Internet. ALFA initiated an effort to expand the consumer section of our web site (www.alfa.org) and enhance residence profile information in our online directory. Each month tens of thousands of visitors search our online directory for assisted living communities or access our "consumer information statement" and checklist online. With the

additional information that has been added about each community, consumers are better able to select a setting that meets their individual needs.

3) Adopted a disclosure pledge for all ALFA members: ALFA's Board of Directors recently approved a pledge to fully disclose to consumers all terms and conditions of residency in an assisted living community. The pledge must be signed and committed to by all ALFA provider members as a condition of association membership. *We will not cash a membership dues check unless that member commits to our full and clear consumer disclosure standards.*

Staff Training and Certification. In addition to disclosure initiatives, ALFA also has focused on staff training and certification. ALFA's national administrator certification has hit a responsive chord as more providers participate in staff training and certification opportunities. In addition, ALFA has partnered with several states to adopt ALFA's certification as standard.

Since its introduction last year, more than 750 assisted living administrators nationally have applied to complete the coursework necessary to receive ALFA's national administrator certification, a two-year certification renewable through additional study. Nevada was the first state to recognize ALFA's administrator certification and now six additional states have moved quickly to endorse the program as the benchmark for administrator training. For myself, I can attest to the value of this training to my company, as it is something that the managing directors of all my facilities have completed and are anxious to continue with.

In addition, we offer 10 certificate of study programs for frontline caregivers that build on their skills in a wide range of care aspects.

Accreditation. In 1999, ALFA endorsed the development of a voluntary, independent accreditation process for assisted living by CARF (the Rehabilitation Accreditation Commission). A National Advisory Committee of consumers, surveyors, advocates, providers, and state regulators then drafted a set of assisted living accreditation standards. The first Assisted Living Standards Manual was released in January 2000, and the standard went into effect in July, 2000.

While the accreditation process is very new, six assisted living communities in California, North Carolina, Michigan and Colorado have completed the process and have been accredited. ALFA continues to educate our members about the importance and benefits of accreditation and urge them to begin the process. As the industry continues to evolve and learns more about the advantages of accreditation, we are certain that the numbers of providers going through the accreditation process will increase.

Doubtless, more providers would feel the incentive to become accredited if states were to embrace and recognize the accreditation process, as they do with hospitals. CARF and assisted living providers are currently in discussions with regulators in Idaho, Rhode Island, Washington, Kentucky, New York, Iowa and Alaska. The idea behind accreditation is to create a public-private partnership that adds a new dimension of continuous quality improvement not usually found in the state regulatory structure.

Affordability Initiatives. Seniors who are at highest risk of receiving inadequate care include those who have the least ability to pay for the services they need. In addition to individual state initiatives, ALFA has been working with both the federal and state governments through its year-old program, *ALFAcares*, to make assisted living more accessible to low- to moderate-income seniors nationwide.

The solution to making assisted living more affordable is challenging and complex. *ALFAcares*

provides a forum for providers, lenders, developers and state agencies to share information and form collaborations to make assisted living more accessible and available to lower-income seniors.

ALFAcares' priorities include:

Promoting state reimbursement policies, such as Medicaid waivers

Working at the state level to eliminate regulatory barriers that affect affordability

Enhancing and influencing federal and state funding programs that promote affordable housing, such as the Low-Income Housing-Tax-Credit Program, HOME and HOPE VI programs, Section 7 and 202 HUD programs and federal loan guarantees that reduce the cost of the shelter component of assisted living.

IV. Where from Here? New Industry Initiatives

As you can see, we've made progress on a number of fronts and we're proud of it, but we're still a young industry and there's more work to do. To further our two-year efforts, ALFA is initiating a new campaign called ***Informed Choice***. The purpose of the campaign is twofold:

Improve consistency of disclosure regulation at the state level and educate the public about what assisted living is, how to be a smart consumer shopper and how it differs from other senior living options ("Informed")

Ensure that assisted living residents and their families retain the right to self-determination and the right to choose where they want to receive services ("Choice")

As part of the overall campaign, ALFA is rolling out the following initiatives:

"Best Practice" Guidelines for State Assisted Living Regulations. As mentioned earlier in my testimony, ALFA is developing "best practice" guidelines for state regulation of assisted living by taking the best of what states are doing to regulate the industry and offering it as a guide to states as they develop and revise their own regulations. State regulators from across the country will be involved in this effort and will convene at the ALFA Regulator Summit to be held this fall.

Model "Informed Choice" disclosure act. This model disclosure act for states emphasizes the consumer's right to have full disclosure of all the terms and conditions of residency in an assisted living community ("informed") while supporting the right of seniors to determine where they want to live ("choice").

Medication Management. ALFA and the American Society of Consultant Pharmacists (ASCP) are working on best practices for medication management in assisted living which will be unveiled at the upcoming ALFA Regulator Summit.

Public Education. As part of the Informed Choice initiative, ALFA is committed to stepping up public education and communication efforts to educate the public about the variety of assisted living choices and what they need to know in order to make an informed decision.

Addressing Staffing Shortages. ALFA is pursuing solutions to staffing shortages in assisted living communities through possible legislation, and collaboration with other organizations to resolve this nationwide problem.

In addition to the Informed Choice campaign, ALFA and its members also are pursuing:

New Staff Training Initiatives. ALFA has taken a leadership role in developing traditional and online training programs such as ALFA's aforementioned Administrator's Certification Program. In addition to providing ongoing staff training, ALFA also is continually developing new programs to meet member's needs:

"Advanced Sensitivity Training," which ALFA is offering free to our members, teaches staff who care for residents with Alzheimer's disease to understand their special needs;

"Incontinence Management" provides useful tips to family members and physicians as well as practical ideas for caregivers on how to help residents self-manage incontinence, and is free to ALFA members;

"Risk Reduction Program" helps frontline caregivers minimize the risks to residents that might result from falls and wanderings. In addition, this program will train staff to recognize and document significant changes in a resident's condition.

Quality Indicators Project. ALFA expects all assisted living communities to consistently provide high quality of life and care as well as respect for individual choice for all residents. To meet that goal, ALFA has developed a list of quality indicators that ALFA considers essential to ensuring quality. Included among the indicators are: quality in organization, financial viability, physical environment, personal support, social group support, caregiver/staff systems and administrative systems.

A Cautionary Note

Quality of care is our top priority. But in order to assure quality, all parties need to understand what "quality" means not only to regulators and providers and advocates, but also to residents and family members. We must learn from the shortcomings of past long-term care regulatory approaches and address quality of care issues while protecting and nurturing residents' quality of life.

ALFA recently asked a small group of residents in Florida about what assisted living means to them, and the features they find most important. The answers of the 70 to 90 year old residents are revealing in their subtle reinforcement of the value of self-determination in the day-to-day aspects of residents' lives:

"I do my own laundry. I make my own bed. They'll give you extra care if you need it - some days you do, some days you don't, but it's there."

"We don't ask them when we can come and go. You just sign your name when you go out the door."

"You can lock your door."

"Rather than living alone, [you get] the security. You get your three meals if you want them, and you can do what you want to, when you want to. You can be your own boss."

There is no question that offering a safe environment and access to nursing services or health care to those assisted living residents who need it is a primary ingredient of "quality care." But as these residents' comments suggest, "quality care" also refers to intangibles that have little to do with regulations or medical procedures, and more to do with values like choice, privacy, independence, security and autonomy. Industry studies show that residents want us to offer them a true home, where they can maintain independence and direct decisions as much as possible while also having access to

extra care and services as needed. **We feel that no discussion of quality care is complete without taking into account residents' own values and considering how each resident personally prioritizes and balances these values.**

How we as a nation address quality questions today will affect millions of Americans, including each of us here today. We at ALFA support the states continuing on the path toward innovative regulatory strategies. We support full disclosure. We support more consistency. But we also know that there are no two consumers whose needs are exactly alike, and preferences vary all over the map. That's why there are such a variety of assisted living choices. Assisted living is a market-driven response to consumers' diverse, expressed needs and preferences. After years of limited options, seniors today finally have some additional choices - home health care, hospice, nursing homes, adult day services, and assisted living - and the ability to exercise choices within each of these options. Some observers claim choices are confusing, but we have seen that the American consumer ultimately likes choices and proven they particularly like the choices which assisted living provides. **To create care systems that will pass the test of time, we must be able to address areas that have caused consumer confusion without stifling the variety of assisted living options now available to them. We must continue to innovate ways to improve quality of care while allowing consumers optimal flexibility in their day-to-day personal choices. That is the promise that we've made to consumers, and the balance I try to strike every day.**

Thank you for the opportunity to appear before the committee today. I will be happy to answer any questions you might have.