



Impact of COVID-19 on Senior Housing and Support Choices





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Section 1: Introduction

As part of its ongoing effort to provide its stakeholders with useful information on COVID-19, the Society of Actuaries (SOA) recently launched a series of reports exploring the impact of COVID-19 on retirement risks. The primary purpose of this series of reports is to stimulate further thinking and inform readers about how COVID-19 may reshape retirement in the future. The first in this series, *Impact of COVID-19 on Retirement Risks*, was released in April 2020. This report series is being informed, in part, by online conversations of the listserv the SOA maintains for its Committee on Post-Retirement Needs and Risks, and the Aging and Retirement Strategic Research Program. The listserv comprises professionals involved in retirement security issues from a wide variety of disciplines and perspectives, including actuaries, economists, attorneys, financial advisers, benefit plan sponsors, demographers, academics, and policy researchers, among others. Participants represent a diverse mix of experts from the public and private sectors (both profit and not-for-profit) and retirees. The majority are based in North America, with others from around the world. The authors wish to thank the conversation participants for their insightful comments and ongoing support of this series.

This report summarizes thoughts and questions raised during the conversation focused on the possible impact of COVID-19 on senior housing and related decisions that retirees and their families may need to make. In addition to a review of the conversation, it provides further background and other resources on these issues.

The context for this series not only is the emergence of COVID-19 but also reflects the environment that existed before COVID-19. Some key points about that environment include the aging population, the growing presence of the gig economy, the trend away from defined benefit pension plans (so that most active employee retirement programs are defined contribution plans), and a major decline in employer-sponsored retiree medical plans. In addition, many Americans do not have adequate emergency funds or sufficient retirement savings. Social Security is the primary source of retirement income for many retired Americans and the only source for many others. While many employees have tried to work longer, significant employment and potential health challenges have affected those who are age 50 and over. In addition, families are more dispersed, which lessens access to and effectiveness of support from family members.

The initial online conversation was conducted in mid-March prior to the passage of the CARES Act, and it was followed by periodic new streams of conversation based on recent developments in the current situation. This report was written in mid-April. The crisis is continuing as of this writing, and perspectives with regard to these issues may change.

Section 2: Background on Housing and the Need for Support at Higher Ages

Prior SOA research has explored the retirement experience of individuals aged 85 and over, along with related caregiving issues. These topics have received significant interest recently and reflect important retirement needs of

our aging population.¹ Results of these SOA research efforts documented that, by age 85, many retirees need support in varying degrees, and often family is an important source for this support. Individuals generally prefer to age in their own homes, but the type of housing needed can change over time if physical and cognitive abilities decline. A range of different living options can be integrated with services, including reduced responsibility for home maintenance, a level of general support, and other care with housing.²

Housing choice is an important part of retirement planning and managing physical needs.³ Housing is the greatest expense for most older Americans. For many middle-income Americans who own their own home, the value of their home is the largest component of their assets. Housing choices define access to transportation, shopping, family, friends and a variety of services. The level of functionality in an individual’s home depends on the person’s capabilities and the physical configuration of the home. Often the home will need to be modified to make living there more accessible and feasible. Some housing integrates access to a formal program of support, while other housing provides informal access to support.

There are essentially four major levels of senior housing (see Table 1) and moving to them is prompted for various reasons. Not all levels of housing will be available to those of limited financial resources. Those who access senior housing and need care paid for by Medicaid are often placed in a nursing home.

Table 1. Levels of Senior Housing

Type of Housing/ Community	General Description	Typical Financial Arrangement	Reasons for Moving
Active senior communities	Housing community limited to residents aged 55 and older; includes a variety of amenities and activities. It may include a restaurant but no common dining room or meals and no support services; residents may help each other.	Residents buy or rent homes; can also have additional arrangements.	Lifestyle choice and may be socially and financially attractive.
Independent living	Community that includes amenities and activities, as well as communal dining, transportation to local shopping and cultural activities, exercise programs, etc. Provides some help for residents who are not able to function completely independently in their homes. Some residents can receive support by having a helper come to their unit. Community may arrange for this	Monthly charge, which probably includes a partial meal plan. May require an entrance fee.	Lifestyle choice; likely inability to manage completely independently in their own home; desire to be with other people. If the community includes a connection to an entity with more support, access to the added support may be an option as needs arise.

¹ The Society of Actuaries has sponsored a series of research projects and discussion on the retirement experiences of individuals age 85 and over. Needs for care and provision of care are topics of this research. A report summarizing the results from various research projects, [Retirement Experiences of People Age 85 and Over](#), was published in 2019.

² In a paper prepared for the SOA, Anna Rappaport explores the issues related to supporting an older declining parent and the decisions that were made in this journey, based on her experience and interviews with others who had similar experiences. The interviews are supplemented by other research. The paper, [Improving Retirement by Integrating Family, Friends, Housing and Support](#), published in 2014 by the Society of Actuaries, provides insights on the different types of support options that are available, the risks that are involved, and the experiences of people with them in normal times. Readers are encouraged to use it as a supplement to this report for further detail on these issues.

³ Housing was a major topic in the [2017 SOA Risks and Process of Retirement Survey](#) published by the Society of Actuaries.

	<p>support, but this is not included in the formal arrangements.</p> <p>Meal plan may provide for a specific number of meals a month.</p>		<p>Family or friends may encourage moving there; communities actively market their lifestyle.</p>
Assisted living (ALR)	<p>Community that offers assistance similar to independent living plus moderate help with activities of daily living, including support for taking medication, bathing, toileting, mobility support, etc.</p> <p>May provide all meals.</p> <p>A nurse may be on-site, but skilled nursing care is not provided.</p>	<p>Monthly charge, which probably includes a full meal plan and a certain amount of individual assistance.</p> <p>May require an entrance fee.</p>	<p>A move to assisted living is usually a necessity. The individual may choose to move, or it may be prompted by a health care provider, family or friend.</p> <p>The alternative is usually a number of hours and days of support per week at home.</p>
Nursing home and memory care	<p>Residence that offers skilled nursing and extensive assistance. All meals are provided. Individuals may be in skilled nursing temporarily for rehabilitation after a major health event, an accident or a hospital stay, or it may be a long-term arrangement. Offers possibility of some social interaction and activities if the individual is capable of participating in them.</p> <p>Memory care is a specialized form of extensive care. Many people in nursing homes have major cognitive decline.</p>	<p>Monthly fee often paid by Medicaid for individuals with limited means.</p> <p>Medicare pays for a limited amount of skilled nursing after an eligible hospital stay.</p>	<p>A move to a nursing home or memory care generally occurs when there is not another feasible alternative.</p> <p>This housing is most often a last choice, and occupants often have a combination of serious health issues or physical limitations.</p>

As situations change, individuals who once fit in well in a certain setting might begin to need greater support. Couples and other members of a household may be at different stages in terms of needs. Some housing options of each type are in some way connected to or affiliated with housing arrangements that offer different levels of support.⁴ One specific form of community, known as a continuing care retirement community (CCRC), formally links together multiple levels of support. This type of community may have financing arrangements that reflect a link to multiple support levels and may have substantial entrance fees. CCRCs fit the needs of active seniors who are ready for some help and want a certain lifestyle but also want access to more support when they need it. This housing choice may be more attractive to people who can afford more upscale accommodations in a community with many activities and on-site access to care. CCRCs include a variety of levels of care, and some of them offer some built-in risk protection. A wide variety of different contractual arrangements exist with CCRCs, and they can be complex.⁵

⁴ For a discussion of the types of communities, options for financial arrangements, and ideas about how to evaluate communities, see Breeding (2017).

⁵ Rappaport (2014) describes different types of contracts as they existed in 2014 and based on the information found at that time. The market is different today, but many of the same issues still exist.

For a personal perspective on these issues, one of the authors recently (before the outbreak of COVID-19) spoke with several friends who are retired or close to retirement. Two of the women have no children available to help and are acutely aware of the challenges of living alone as they get older. One of them, a widow who is having personal-mobility challenges, lives in a gated condominium community with many activities and informal interaction. She receives a good deal of support from friends and neighbors but is thinking about the future. The other friend has no children and previously cared for a partner before his death. In addition, she helped aging parents in another state. Both friends had good careers and are knowledgeable about retirement issues because of their professional background. Investigating senior housing that integrates care is on their agenda, and their situations are good examples of the different circumstances of individuals as they begin exploring options.

For those deciding on housing, the available range of arrangements involves a number of choices about different packages of services, costs, financing methods, and risks. All have advantages and disadvantages for residents, but comparing them methodically, taking into account all factors, can be complicated. In the case of the author's friends, both women are familiar with many of the issues that should be considered, but there is no generally accepted process for comparing the choices, and some of the risks may not be apparent as information is gathered. In the online conversation with our colleagues, several participants described the challenges related to due diligence in making housing choices. These participants further expressed their belief that most people are unable to do adequate due diligence.

The impact of COVID-19 raises new issues to consider as senior-housing choices are evaluated.⁶ COVID-19 is particularly concerning for older persons with underlying health conditions, regardless of their living situation. Those with greater frailty are generally at greater risk. Another characteristic of the virus is that it can spread quickly in dense communities with regular activities, communal meals and/or gatherings. When these factors are taken together, it is clear the virus presents a major health risk in senior communities where there are many residents with fragile immune systems.

Section 3: Senior Housing Prior to COVID-19

It is helpful to begin an analysis with a macro perspective on senior-housing choices and then look at factors that are closely tied to them. Two of those macro factors—quality of life and social engagement—have been a focus of recent SOA post-retirement research. An example of this research is the Sightlines project conducted by the Stanford Center on Longevity, which the SOA helped to co-sponsor. This project focuses on the importance of three domains for successful aging: financial security, healthy living and social engagement.

Ideally, the choice of housing and support options brings together decisions about quality of life and provisions for good care. Historically, many CCRCs, for example, have received very high marks with regard to quality of life. A participant in the online conversation reported on an article about CCRCs laying out the economics to help financial advisers inform older clients about their residential/long-term care options in retirement. The article focused on the quality-of-life appeal of living in CCRCs and balanced their appeal with risks that may be encountered with this housing choice.⁷

⁶ Although not many people use CCRCs, this is the form of housing that integrates a prepayment for care and the one that involves the greatest amount of retirement-related risk. Pay-as-you-go payments to various housing communities still involve risk, but not the same type of risk as the CCRC, where there is a large up-front payment.

⁷ For more on the trade-offs and options, consult Breedling (2017). This book provides an explanation of the types of options and types of financing arrangements, and it sets forth the author's idea for information to review in comparing options.

Social engagement also is an important dimension of senior housing. Senior communities that combine housing, activities and opportunities for social engagement can be particularly helpful to people needing support. Different types of communities fit different situations. For example, CCRCs offer a range of support based on different levels of need without requiring people to move to a new community, and they can work very well for couples where one needs more support.

In many situations, there are great advantages to bringing together people with similar interests or needs. Going beyond social engagement, this extends to support and care. ALRs, skilled-nursing facilities and hospitals all offer resources to bring services to patients efficiently and provide equipment, for example, to multiple residents with similar needs.

The online conversation also raised specific issues of financial and other risks prompted by a focus on communities that require entrance fees. Prior research provides information about significant financial risk, which is not well understood. These issues are discussed in Rappaport (2014), also referenced earlier. The emergence of COVID-19 reemphasizes the importance of the need to consider all risks, beyond just financial, in making housing choices. In the future, articles and other resources to help with evaluation of these housing choices should include detail on the risks that COVID-19 presented to those organizations and those living in such communities, where the disease can spread rapidly.

Section 4: Senior Housing and COVID-19

The risk that COVID-19 can pose to senior-housing residents has been the subject of recent daily major headlines. The situation has become more tragic with each passing day. An article in the *New York Times* on April 17 tallied that about a fifth of U.S. virus deaths are linked to nursing homes or long-term care facilities, with outbreaks spreading across the country. The article also noted that more than 36,500 senior-housing residents and employees across the nation have contracted the virus. The risk is increased by the actions and practices needed to try to contain the spread of the virus and by the large numbers of people—residents and staff—exposed. The actual number of COVID-19 cases in these communities is thought to be almost certainly much higher than this, because until recent requirements were implemented, many facilities had not provided data. These risks from COVID-19 apply across all senior-living arrangements, including nursing homes, ALRs, memory care facilities, retirement and senior communities and long-term rehabilitation facilities.⁸ In all likelihood, these traumatic numbers will continue their alarming growth in the U.S., at least in the short term.

These same distressing developments with COVID-19 in senior housing are being felt globally. The *New York Times* reported on April 16 that soldiers in Spain were sent in to disinfect nursing homes and found residents abandoned or dead in their beds. Other European countries reported that they have overlooked many virus-related deaths in long-term care facilities as part of their official statistics. Italy, Britain and France have acknowledged that their official statistics have overlooked many virus-related deaths in long-term care facilities. Nursing home deaths in Canada also have been widely reported.⁹

⁸ Farah Stockman, Matt Richtel, Danielle Ivory and Mitch Smith, "Virus claims at least 7,000 lives in U.S. nursing homes," *New York Times*, April 17, 2020, <https://www.nytimes.com/2020/04/17/us/coronavirus-nursing-homes.html>.

⁹ Dan Bilefsky, 31 deaths: Toll at Quebec nursing home in pandemic reflects global phenomenon, *New York Times*, April 16, 2020, <https://www.nytimes.com/2020/04/16/world/canada/montreal-nursing-homes-coronavirus.html>.

An important observation is that while these risks apply across the spectrum of senior housing, they are more severe and pronounced where more care is needed. These news articles make clear that the data is incomplete, and it appears that the majority of the data collected so far is primarily from nursing homes.

The online conversation also pointed out that part of the challenge for nursing homes is that their staff is paid less than hospital staff, and many nursing homes have had difficulty securing adequate staff, even before COVID-19. News articles also point to other challenges facing some communities, including difficulty with obtaining adequate personal protective equipment for staff and insufficient access to testing. These situations vary by state and community. In addition, the level of information being made public varies by geographic area, and the federal government has not yet released any of its own data. The Centers for Medicare & Medicaid Services (CMS) is issuing upcoming requirements for notification of confirmed COVID-19 cases (or COVID-19 persons under investigation) among residents and staff in nursing homes.¹⁰

Section 5: Senior Housing and Caregiving—COVID-19 Responses

The challenges of addressing COVID-19 have prompted a variety of suggested emergency responses and raised questions of risk management for senior housing and caregiving. The following list includes comments from the online conversation and other related observations:

- As mentioned earlier, senior-housing communities where people can do joint activities, socialize and so on can be fertile breeding grounds for COVID-19, resulting in tragic situations.¹¹ Consequently, the goals of risk mitigation programs generally are to prevent the disease from entering a community and, if it is there, to try to prevent it from spreading.
- Most senior-housing facilities are discontinuing all community activities and dining and require residents to stay in their own rooms, with meals being delivered. Socialization and exercise are important to this population, and the restrictions on activity can be very difficult for the residents' well-being.
- Many senior-housing communities, ALRs and nursing homes have banned all visitors, including family members supporting the care of the resident.
- Others have been allowing residents to go out of the community and visit their family and then return.¹² There is variation in whether people returning go into two-week quarantine or other isolation.

All of these communities must address questions about how to care for people who become infected:

- Should residents be cared for in their rooms, moved to a special area or sent to a hospital? If a resident has an illness, when should that person be treated in their residential unit, transported to a hospital, or moved to a

¹⁰ Upcoming requirements for notification of confirmed COVID-19 (or COVID-19 persons under investigation) among residents and staff in nursing homes, Centers for Medicare & Medicaid Services (CMS), memo no. QSO-20-26-NH, April 19, 2020, <https://www.cms.gov/medicareprovider-enrollment-and-certificationsurvey/certificationgeninfo/policy-and-memos-states-and/upcoming-requirements-notification-confirmed-covid-19-or-covid-19-persons-under-investigation-among>.

¹¹ The problem of infectious disease spreading in these communities is not a new issue with COVID-19, but it seems to be different because COVID-19 is so contagious.

¹² Note that the online conversation took place prior to the widespread adoption of stay-at-home policies in many localities, under which family visiting was not allowed at all.

skilled-nursing facility? Does the answer depend on the resident's overall medical history and how sick they are at the time? When do they need to be isolated?

- Is it more contagious (and risky for others) to bring COVID-19-infected patients to where there is equipment and licensed staff or to bring the equipment and staff to the patients while keeping them isolated in a senior residential unit? If the patient has a spouse, what happens to the spouse if patients stay in their units?
- What level of protective equipment is needed if senior-living employees are to treat residents with symptoms? How can these employees best protect themselves and their families from infection?
- If a local health system is overwhelmed, can senior-housing facilities get waivers of licensure requirements so that available, under-licensed staff can be rapidly trained to set up medical equipment in a resident's unit to keep the resident stable until more expert assistance is available?
- Should staff treating COVID-19 patients who are isolated be required to be quarantined on-site in senior-living facilities (or in hospitals)? In other words, should they be required to live on premises until the threat has passed?
- If the lack of equipment and appropriately licensed staff is such that some COVID-19 patients must be left to die, are there compassionate-care steps that less trained staff might take either as a desperate attempt to save them or at least to palliate their passage?
- Should living facilities provide the technology and the support needed for it so family members can communicate directly with the staff and residents?

Section 6: Conclusion

COVID-19 will almost certainly change the perspective on how to evaluate the advantages and disadvantages of various senior-housing choices. Choices that previously offered good amenities, activities, opportunities for social engagement, and access to increased support have been viewed as ideal for many affluent Americans—particularly those living alone and expecting to need help. While infectious diseases have long been a risk, COVID-19 presents extreme risk to the residents of these communities, and it shines a spotlight on the related issues. The variation in how different communities have responded indicates that residents may face very different situations. Clusters of cases in different locations indicate that even with strict measures for prevention, there can be a variance in how the disease has spread.

As a result of COVID-19, many individuals may rethink their preferred choices, and others may leave their current arrangements to seek other options. Individuals evaluating choices will need to consider different factors to determine the fit of the community to their needs. This could include a review of the facilities' response to the COVID-19 crisis, their preparation for future pandemic/extreme events, the support capabilities offered by the community, financial and risk issues, and alternative arrangements. In this regard, it is useful to remember that institutions such as these exist for a reason; it is unlikely that a large number of persons going into facilities could instead be taken care of at home. All these matters require careful thought, planning and evaluation.

This report has provided perspectives and data as of mid-April 2020 and raised many issues to contemplate in the face of COVID-19 as the situation evolves. It has also signaled the importance of reevaluating the best ways to plan for and manage retirement risks in the future. With the situation rapidly evolving, the SOA is monitoring it closely and continuing to provide research communications that further explore the impact of this pandemic.

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About The Society of Actuaries

With roots dating back to 1889, the [Society of Actuaries](https://www.soa.org) (SOA) is the world's largest actuarial professional organizations with more than 31,000 members. Through research and education, the SOA's mission is to advance actuarial knowledge and to enhance the ability of actuaries to provide expert advice and relevant solutions for financial, business and societal challenges. The SOA's vision is for actuaries to be the leading professionals in the measurement and management of risk.

The SOA supports actuaries and advances knowledge through research and education. As part of its work, the SOA seeks to inform public policy development and public understanding through research. The SOA aspires to be a trusted source of objective, data-driven research and analysis with an actuarial perspective for its members, industry, policymakers and the public. This distinct perspective comes from the SOA as an association of actuaries, who have a rigorous formal education and direct experience as practitioners as they perform applied research. The SOA also welcomes the opportunity to partner with other organizations in our work where appropriate.

The SOA has a history of working with public policymakers and regulators in developing historical experience studies and projection techniques as well as individual reports on health care, retirement and other topics. The SOA's research is intended to aid the work of policymakers and regulators and follow certain core principles:

Objectivity: The SOA's research informs and provides analysis that can be relied upon by other individuals or organizations involved in public policy discussions. The SOA does not take advocacy positions or lobby specific policy proposals.

Quality: The SOA aspires to the highest ethical and quality standards in all of its research and analysis. Our research process is overseen by experienced actuaries and other professionals from a range of industry sectors and organizations. A rigorous peer-review process ensures the quality and integrity of our work.

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