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Focus

ASSISTED LIVING



JOHN SOB CZAK

Executive Director Mike McCormick of Fox Run in Novi says the depressed housing market leaves many seniors needing a boost to get into assisted living.

Nursing the business model

In tough economy, assisted living sector gets creative, eases prices

BY MARTI BENEDETTI

SPECIAL TO

CRAIN'S DETROIT BUSINESS

A still-lagging real estate market and competition among Detroit-area assisted living facilities have created monetary incentives and more choices for potential residents and their caretakers.

Local assisted living center executives said the business model is being affected by local and national trends: The tough economy and the glut of homes for sale have made it challenging for some seniors to sell their homes at a price they think is fair.

Adjusting to the market has required creativity and, in some cases, discounts.

Mike McCormick, executive director of the **Fox Run** community in Novi, said residents are middle to upper-middle income, and the center has been affected by seniors selling their homes for less than what they expected — or not being able to sell at all. So it has an on-premises real estate agent to help prospective customers sell their house. Additionally, depending on the location of the living unit, the center will shave a couple of hundred dollars off the monthly fee for one to three years.

Fox Run, owned by Baltimore-based **Erickson Living**, re-

quires a \$99,000 entrance deposit, refundable when the resident moves out or dies; the deposit is paid back 30 days after somebody else moves in.

Additionally, residents pay an average of \$6,000 a month, with the specific costs varying widely depending on the level of care needed.

Assisted living refers specifically to centers that provide a place to live with medical care, meals and activities. It is not the same as independent living, which is for those who need little or no medical assis-

tance.

Often, a senior living community offers both, along with skilled nursing, which involves a more expensive, higher level of medical care.

West Bloomfield-based **Singh Senior Living**, owners and managers of **Waltonwood** centers, has seven properties in Michigan and one in North Carolina. Earl Parker, vice president of senior living for Singh, agreed customer perceptions and requirements are changing.

"The economy is giving people more of a fear that their

money is not going to last through retirement, and selling their home is hard, so they put off moving for one more year," he said.

Often, community-based support resources can help keep people in their homes longer with use of home health care professionals and telemedicine, said Thom Hosinski, COO of Southfield-based **Presbyterian Villages of Michigan** and vice president and executive director of its Village of Redford property.

"Because of health care reform and rising costs, we will see this more," he said.

But when seniors are ready, they also increasingly expect housing operators to be flexible and offer a high level of care.

Waltonwood does not require an entrance fee and charges, on average, \$4,000 a month for assisted living. Because the Detroit market is competitive, the center is offering rent reduction incentives on some of its properties, depending on location, Parker said.

Presbyterian Villages of Michigan, meanwhile, does not charge an entrance fee. Its monthly costs, which include medical help, meals and activities, average \$2,500. It has 25 centers in Michigan with vari-

Senior residents go high-tech

Technology is changing the game with assisted living residents' entertainment offerings and safety measures.

While they still might pass the time with bridge or bingo, assisted living residents also are playing Wii Fitness and Wii Bowling, video games and logging time on their computers.

"IPads are great for them and easier to use than computers," said Thom Hosinski, **Presbyterian Villages of Michigan** COO and vice president and executive director of its Village of Redford property.

Seniors also are Skyping as a way to keep in touch with their families, said Brenda

Roberts, director of quality assurance and education for the **Michigan Assisted Living Association**, a trade association for nonprofit and for-profit assisted living centers. And cameras in the hallways of assisted living centers help staff keep track of residents.

Telemedicine includes electronic medical devices that help seniors live easier. It could be a mechanism to remind seniors to take their medicine and dispense the appropriate amount of pills, or a device worn by seniors that allows them to signal for help if they are in distress.

— Marti Benedetti

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ous cost structures and services.

Hosinski said residents coming into assisted living are older and more frail, and have fewer assets than they had a few years ago.

"They need a higher level of care," he said.

The average age of residents in assisted living facilities in 2009 was 86.9 years old. Seventy-four percent are female, according to a report by the

American Association of Homes and Services for the Aging, the American Senior Housing Association, the Assisted Living Federation of America, the National Center for Assisted Living and the National Investment Center for the Seniors Housing and Care Industry.

Ten years ago, the average age was 80.



“The major influences for the changes in this field are the adult children — baby boomers — who have high expectations.”

**Joanne Robinson,
Presbyterian Villages of Michigan**

System’s Center for Senior Independence.

“The amount of care and the type of amenities are more expansive than ever before,” said Joanne Robinson, senior vice president of operations at Presbyterian Villages of Michigan.

“The major influences for the changes in this field are the adult children — baby boomers — who have high expectations,” Robinson said.

Erickson and **Ford Land** also developed the Henry Ford Village center in Dearborn, which provides a full continuum of care. Henry Ford Village is owned by a nonprofit board. In December, its management company changed from Erickson Living to Des Moines-based **Life Care Services LLC**.

Henry Ford Village is reviewing its cost structure for assisted living and expects changes in the coming year, said Adam Sterling, center sales director.

Currently, it charges a \$99,000 refundable entrance fee. Its range of fees for assisted living is \$3,892 to \$5,863 a month depending on the amount of care a resident needs. The average rate is \$5,253, meaning most residents need a good deal of care.

Brenda Roberts, director of quality assurance and education for the **Michigan Assisted Living Association**, a trade association for nonprofit and for-profit assisted living centers, said despite the pressure on operators because of the state’s economy, the industry in Michigan is generally healthy.

Overall occupancy levels are stable, although she has seen a slowing of the development of new facilities. Some Michigan operators are building in other states in the interim (*See story, Page 11*) or are working on creative collaborations to leverage incentives and credits.

A new \$35 million senior community that Presbyterian Villages is developing near Detroit’s east riverfront will include not only independent living, residential nursing home units and affordable assisted living, but also a second site for **Henry Ford Health**

The center provides both onsite and offsite care and services to those who are nursing home-eligible but prefer to age in their own home and community. Those services could include not only health care but assistance with bathing and access to hair appointments and social functions at the center, or even help doing the laundry at home.

“We’re able to keep (seniors) out of a nursing home by providing those services, which the state has said ultimately improves one’s quality of life and reduces the cost of health care,” said John Polanski, president and CEO for community care services at Henry Ford.

The project is also mindful of the cost burden to seniors and their families.

United Methodist Retirement Communities won funding from the **Michigan State Housing Development Authority** for the affordable assisted living component of the project as the second of five pilot sites selected for state funding, following another built by **Genesis Nonprofit Housing Corp.** in Grand Rapids.

Monthly lease rates haven’t yet been set, Presbyterian Villages said, but they will be subsidized in exchange for the MSDHA funding.

Centers that offer a range of care — while providing a home-like atmosphere — are in demand, McCormick said. Fox Run has onsite physicians, a bank, store, restaurants and a 250-seat performance art center.

Its social outlets are extensive.

“The real problem for seniors is when it is seven degrees outside and they can’t leave their homes and they begin to feel isolated. They can talk on the phone, but that has its limitations. Socialization opportunities are underestimated, but paramount,” McCormick said.

“What technology doesn’t bring is human contact,” Hosinski said. “Assisted living provides relationships and meaningful activities.”

Sherri Welch contributed to this story.