



# Healthy Aging Begins at Home

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BIPARTISAN POLICY CENTER

## **SENIOR HEALTH AND HOUSING TASK FORCE**

The Bipartisan Policy Center formed the Senior Health and Housing Task Force to underscore the synergies between health care and housing in fostering improved health outcomes, cost savings, and enhanced quality of life for America's aging population.

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# Letter from the Task Force

America stands on the cusp of a major expansion of its senior population, a circumstance that will impose unprecedented strains on the nation's fiscal health as well as its health care and housing systems. Despite the high stakes, public policy has failed to keep pace, underestimating the profound nature of the demographic transformation now underway. As a result, the United States is dramatically unprepared for the challenges that lie just ahead.

By 2030, 74 million Americans, representing more than 20 percent of the overall population, will be 65 years of age or more. Those 85 and above constitute the nation's fastest-growing demographic group. Unfortunately, absent a comprehensive and sustained national response, the well-being and safety of millions of older Americans will be jeopardized by the following realities:

- The current supply of housing that is affordable to the nation's lowest-income seniors is woefully inadequate. As more low-income Americans enter the senior ranks, this supply shortage — *currently measured in millions of units* — will become even more acute.
- The overwhelming majority of seniors say they wish to “age in place” in their own homes and communities. Yet most homes and communities lack the structural features and support services that can make living there independently a safe, realistic option.
- About 70 percent of adults over 65 will eventually require help with bathing, food preparation, dressing, and medication management—assistance that is referred to as “long-term services and supports,” or LTSS. Medicare does not cover LTSS, though the costs of this care can consume a large portion of a household's budget. In addition, only a small minority of Americans has long-term care insurance covering these expenses.
- Personal savings are a critical source of retirement funding, but for millions of seniors these savings will fall far short of what is necessary to pay for housing, modifications to make homes safer, LTSS, health care, and other retirement needs.

The Bipartisan Policy Center established the Senior Health and Housing Task Force to draw public attention to these very serious concerns and to offer some solutions. A key premise of this report is that a greater integration of America's health care and housing systems will be absolutely essential to help manage chronic disease, improve health outcomes for seniors, and enable millions of Americans to age successfully in their own homes and communities. A growing body of evidence is also showing that more tightly linking health care with the home can reduce the costs borne by the health care system.

We offer this report with humility and gratitude. We are heartened by the thousands of health care and housing providers across the country who each day enhance the lives of America's oldest citizens. Their work is an inspiration to us.

Over the past year, we have been witness to many success stories: housing providers who made integrating supportive services with the home a central focus of their mission. Health care providers who understood the importance of the home as a site for care and service delivery. Local communities who deployed the power of technology to help seniors remain connected to their neighbors and friends. It is time to scale up these efforts so they become truly national in scope.

Without such a national commitment, one that involves not just the government but the private sector and philanthropic community as well, far too many Americans will likely find their retirement years to be ones of increasing stress and instability. It is our hope that this report, modest in its scope but large in its ambitions, will help provide the spark for this effort.



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# *Executive Summary and Recommendations*



In its 2013 report, *Housing America's Future: New Directions for National Policy*, the Bipartisan Policy Center Housing Commission identified meeting the needs of the rapidly increasing number of older Americans as a “new frontier in housing.” The work of the Senior Health and Housing Task Force grows out of the Housing Commission’s examination of this issue. The Task Force has also benefited from the insights of other BPC projects: the Long-Term Care Financing Initiative, the Prevention Initiative, the Health Innovation Initiative, and the Commission on Retirement Security and Personal Savings.<sup>1</sup>

Over the next 15 years, the explosive growth of the nation’s senior population will present unprecedented challenges. Unfortunately, millions of Americans will find they lack enough savings to fund their retirements. Some will struggle to afford

their housing, while others will find their housing is ill-suited for living independently. Many will eventually need help with the “activities of daily living,” like eating, bathing, and dressing, assistance that can be both costly and taxing on other family members. Most older Americans will suffer from at least one chronic condition.

A successful response will require a much higher level of focus and preparation than exists today in the United States. Experimentation and innovation, as well as a willingness to move beyond established conventions, are essential elements of this process. An ability to see important connections that span across the seemingly disparate disciplines of housing, architecture, health care, information technology, telecommunications, transportation, urban planning, and financial services is critical. Communities across the country

must make meeting the needs of their older residents a priority consideration as they plan for the future. This work must proceed apace with the urgency it deserves.

This report examines four specific aspects of the challenge before us:

- The need for a much greater supply of homes affordable to our nation's lowest-income seniors.
- The importance of transforming homes and communities so that seniors can age with options, a desire shared by the overwhelming majority of older adults.
- The imperative to better integrate health care and supportive services with housing, recognizing that this integration has the potential to improve health outcomes for seniors and reduce the costs borne by the health care system.
- The need to deploy technologies on a far wider scale to help all Americans age successfully.

The recommendations outlined below are a call to action by a variety of actors — the Congress, members of the administration, public officials serving in state and local governments, the private sector, and leaders in the nonprofit and philanthropic communities.

The Task Force recognizes that several of its recommendations propose additional public spending. Nevertheless, the Task Force believes this additional spending is a necessary and worthwhile investment in the health and well-being of America's seniors. Other Task Force recommendations offer the potential to generate savings in health care costs. Achieving the full benefits of the recommendations, including a long-term reduction in federal and state health care expenditures, remains a priority of the Task Force.

## ***Health Begins at Home: The Overriding Need for More Affordable Supply***

Monthly mortgage payments — along with property taxes, utility payments, and the cost of home maintenance and upkeep — can be major strains on the budgets of senior households. In fact, for many seniors, housing-related costs constitute their biggest household expenditures.

A major factor contributing to high housing costs is the scarcity of affordable and available rental homes. This supply-demand imbalance most negatively impacts lower-income households, many of whom are older adults living on fixed incomes. In 2013, there were 11.2 million “extremely low-income” renter households competing for only 4.3 million affordable and available rental homes, resulting in a total shortfall of 6.9 million homes. Of the 11.2 million households in this competition, 2.6 million were elderly households with no children. Unfortunately, the current shortage of affordable rental homes will intensify in the years ahead as the low-income senior population grows and more seniors transition from homeownership to rental housing.

The following recommendations aim to provide the foundation for a comprehensive national effort to increase the supply of affordable homes for our nation's oldest citizens. Such an effort must begin with making the prevention and ending of senior homelessness a major national priority. Greater federal investment in the Low-Income Housing Tax Credit will also be necessary, as will the establishment of a new senior-supportive housing program. Federal regulatory policies must work to encourage, not stymie, the production and preservation of new affordable homes. A much broader engagement of the private and nonprofit sectors will also be necessary. And states and communities across the country must be committed to adopting land-use policies that promote a range of affordable housing options for their seniors.

## Recommendations

1. Preventing and ending homelessness among older adults should become a major national priority. The U.S. Interagency Council on Homelessness should explicitly adopt a goal to prevent and end homelessness among older adults.
2. Congress and the administration should work together to fund federal rental-assistance programs at adequate levels, particularly since these programs will serve increasingly larger numbers of low-income seniors.
3. Congress and the administration should support continued funding at adequate levels for rental assistance and for service coordination under the Section 202 Supportive Housing for the Elderly program.
4. Congress and the administration should create and fund a new program for senior-supportive housing that uses project-based rental assistance and Low-Income Housing Tax Credits to support new construction and attract funding for services from health care programs.
5. Congress should support the preservation of existing Section 202 units by making them eligible for the Rental Assistance Demonstration program.
6. Congress and the administration should identify ways to more effectively support the service coordination needs of senior housing providers, particularly mission-oriented nonprofits.
7. Congress and the administration should substantially increase federal support for the Low-Income Housing Tax Credit (LIHTC) program to help finance the production and preservation of additional units of affordable rental housing, including affordable homes for low-income seniors.
8. The states should use their National Housing Trust Fund allocations and the U.S. Treasury Department should use the Capital Magnet Fund to support the production and preservation of affordable housing for the nation's lowest-income seniors.
9. States and local communities should consider adopting permissive land-use policies that allow for and encourage alternative housing structures for seniors, such as accessory dwelling units, micro-units, and congregate/group homes. States and local communities should also undertake a comprehensive examination of their existing policies to ensure they promote a range of affordable housing options for their seniors.
10. The Office of Management and Budget should convene an interagency task force that assesses the impact of federal laws and regulations on the production and preservation of new affordable housing, particularly for seniors, and identify ways these laws and regulations can be modified to reduce costs and increase production.

### *Ageing with Options: Transforming Our Homes and Communities*

According to a 2014 AARP survey, 88 percent of senior households strongly or somewhat agree that they would like to stay in their current residences as long as possible, while 89 percent strongly or somewhat agree they would like to remain in their community as long as possible.<sup>2</sup> If these preferences continue to hold, there will likely be a growing mismatch between the desire of seniors to age in place in their own homes or communities and their ability to do so.

A big hurdle will be household finances: Over the next 20 years, nearly 40 percent of individuals over the age of 62 are projected to have financial assets of \$25,000 or less; 20 percent of those over 62 will have \$5,000 or less. For many, this level of savings will be woefully inadequate to cover the expenses of daily living, never mind finance long-term services and supports or the modifications necessary to make living independently at home safe and secure.

In light of these difficult conditions, new solutions will be necessary — solutions that expand the range of housing options and that accommodate a variety of needs and preferences as individuals age. The following recommendations offer ideas that can help seniors age with options in their existing homes and communities and ensure the

needs of seniors are prioritized in community decision making. These recommendations call for better planning and improved data on the needs of existing and future senior households, as well as the availability of housing options to meet those needs. Increased coordination across government agencies will be necessary. So, too, will be greater transparency about existing government programs that can benefit senior households and help spur greater private investment.

## Recommendations

1. Congress should authorize a new Modification Assistance Initiative (MAI) that would work on an interagency basis to coordinate federal resources available for home modifications to support aging with options.
2. The U.S. Department of Housing and Urban Development (HUD) should maintain protections and counseling services for the Home Equity Conversion Mortgage insured loan program and consider new products that assist borrowers in safely accessing home equity.
3. Congress should modernize the U.S. Department of Agriculture's (USDA) Section 504 housing repair program.
4. States and municipalities should establish and expand programs to assist low-income seniors with home modifications through property tax credits, grants, or forgivable loans.
5. States should protect and expand property tax circuit breaker programs and other forms of property tax relief that are targeted to assist low- and moderate-income senior taxpayers.
6. Congress should reauthorize and fund the Community Innovations for Aging in Place (CIAIP) initiative to assess community living models for possible replication in low- to moderate-income communities.
7. HUD should update its Consolidated Plan to require

states and local jurisdictions to more explicitly assess the housing needs of seniors and the availability of age-friendly housing and community services.

8. The federal agencies involved in the Interagency Transportation Coordinating Council on Access and Mobility should develop a one-call/one-click platform for door-to-door transportation services for older adults.
9. HUD, in partnership with the American Planning Association, should develop a model senior zoning ordinance that local jurisdictions across the United States could adopt.
10. A wide range of professionals and organizations in the health care and housing fields should establish a work group to develop a suitability-rating scale for age-friendly housing and communities.

## *Integrating Health Care and Supportive Services with Housing*

One of the most important public health findings over the last two decades has been that there are a number of factors, beyond medical care, that influence health status and contribute to premature mortality. Of these factors, social circumstances and the physical environment (particularly the home, whether a single-family home or an apartment) impact an individual's health. Housing takes on even greater importance for older Americans, since they spend a significant portion of their days in this setting. The home is also increasingly being seen as a potential site of care for seniors to receive health and wellness services and as an essential tool in chronic care management.

By virtue of the rapid expansion of the senior population, more and more Americans will be living with multiple chronic conditions and experiencing limitations in activities of daily living. Models and interventions that deliver health care and other services to seniors with these conditions in their own homes have the potential to improve health outcomes and reduce health care utilization and costs. In addition, a greater focus on preventing falls has a

tremendous upside: Approximately one in three older adults fall annually, resulting in about 2.5 million emergency-department visits, 700,000 hospitalizations, and approximately \$34 billion in health care costs. Falls are the leading cause of injury-related deaths in older adults, and most falls occur in the home setting.

Today, there are several important policy opportunities to help accelerate the integration between health care and housing. Each involves key actors in the nation's health care system: public and private insurers, health care professionals, and hospitals. The following recommendations are designed to help capture these opportunities.

### **Recommendations**

1. The Centers for Medicare and Medicaid Services (CMS) should launch an initiative that coordinates health care and long-term services and supports (LTSS) for Medicare beneficiaries living in publicly assisted housing to test the potential of improving health outcomes of a vulnerable population and reducing health care costs.
2. Congress should consider expanding the Independence at Home Demonstration program into a permanent, nationwide program to maintain optimal health status and to reduce health care costs of frail, medically complex Medicare beneficiaries.
3. The administration should ensure Medicare and other federal programs and policies support substantially reducing the number of older adult falls and their associated financial impacts.
4. CMS should incorporate housing-related questions in health risk assessments used by Medicare providers and Medicare Advantage plans.
5. Congress and the administration should work together to extend the Money Follows the Person Program to support

state efforts to rebalance their Medicaid long-term care systems.

6. Medicaid should collect data on state coverage of housing-related activities and services and, where possible, track its impact on beneficiary health outcomes and health costs.
7. Hospitals should incorporate questions about housing as part of their discharge planning to prevent hospital readmissions, and nonprofit hospitals, specifically, should include housing in their triennial IRS-required community health needs assessment.

### ***The Power of Technology to Support Successful Aging***

Older adults and their caregivers can benefit considerably from the use of existing and emerging health care technologies, including “telehealth” and remote patient monitoring services, easy access to information contained in their electronic health records, and tools that assist with medication management. Other technologies may help older adults age in place. They include fall monitoring systems, home-based activity monitoring to address cognitive impairments, speech-equipped or visually oriented “smart devices” to support sensory impairments, and social-networking applications to help with loneliness and depression.

Despite growing interest in these technologies, a number of barriers continue to stand in the way of higher levels of adoption. These barriers include high costs for innovators and consumers, lack of reimbursement, interstate licensing requirements, limited Internet access (particularly in rural areas and among low-income Americans), and continued concerns about the privacy and security of sensitive health information. There are also other barriers that prevent effective use of technologies by older adults, including: paying for devices on a fixed income, forgetting or losing the technology, low ease of use, physical challenges, skepticism about benefits, and difficulty learning to use new technologies.

In the coming years, the federal government, state governments, and the private sector must ramp up their efforts to remove the barriers that prevent widespread adoption of increasingly important health technologies. The following recommendations are designed to help further this objective.

## **Recommendations**

1. CMS and the states should encourage greater reimbursement of telehealth and other technologies that have the potential to improve health outcomes and reduce costs.
2. Congress, the administration, and the states should work together to make broadband (with sufficient speed to use online education and training programs) available to as many HUD, U.S. Department of Agriculture, and LIHTC properties where low-income seniors reside, including in rural communities, as possible.
3. Relevant federal agencies should work with the scientific research community and the private sector to demonstrate the benefits of home Internet access for very low-income seniors and the effectiveness of health technologies.

# *Task Force Priority Recommendations*

The Task Force has identified the following recommendations as its highest priorities in light of their great potential to improve the lives of America's seniors and their positive prospects for implementation:

**Preventing and ending homelessness among older adults should become a major national priority. The U.S. Interagency Council on Homelessness should explicitly adopt a goal to prevent and end homelessness among older adults.** According to the Homelessness Research Institute, the number of homeless seniors will rise from 44,000 in 2010 to nearly 59,000 in 2020 if shelter and poverty rates remain constant. The United States should not accept a situation in which so many of its older citizens live on the streets without adequate shelter and appropriate care.

**Congress and the administration should substantially increase federal support for the LIHTC program to help finance the production and preservation of additional units of affordable rental housing, including affordable homes for low-income seniors.** The LIHTC is the nation's most effective "supply-side" affordable housing program that leverages private capital to help finance the preservation and new construction of affordable rental homes. Many states provide preferences and set-asides in their annual LIHTC qualified allocation plans for projects that serve older adults.

**Congress and the administration should support continued funding at adequate levels for rental assistance and for service coordination under the Section 202 Supportive Housing for the Elderly program and also create and fund a new program for senior-supportive housing.** HUD's Section 202 program is the only federal rental assistance program designed explicitly to serve seniors, yet there has been no funding for new construction under the program since fiscal year 2011. The Task Force proposes a new program for senior-

supportive housing that uses project-based rental assistance and the LIHTC to support new construction and attract funding from health care programs.

**Congress should authorize a new Modification Assistance Initiative (MAI) that would work on an interagency basis to coordinate federal resources available for home modifications to support aging with options.** Numerous programs within the federal government provide resources and expertise for home assessments and modifications, yet there is little coordination among these programs and public awareness of them is limited. The MAI, administered by the Administration for Community Living within the U.S. Department of Health and Human Services, would aim to rectify these shortcomings.

**States and municipalities should establish and expand programs to assist low-income seniors with home modifications through property tax credits, grants, or forgivable loans, and states should also protect and expand property tax circuit-breaker programs and other forms of property tax relief that are targeted to assist low- and moderate-income senior taxpayers.** Currently, 80 percent of home modifications and retrofits for aging are paid out of pocket by residents. States and municipalities can help relieve some of this burden by making funding available to both individuals (homeowners and landlords) and contractors for expenses incurred acquiring or modifying a property for accessible use.

**CMS should launch an initiative that coordinates health care and LTSS for Medicare beneficiaries living in publicly assisted housing to test the potential of improving health outcomes of a vulnerable population and reducing health care costs.** Approximately 1.3 million older adult renters live in publicly-assisted housing, the vast majority of whom are dually eligible for the Medicare and Medicaid programs. Health care providers, in partnership with housing entities, should implement evidence-

based care models and programs to improve outcomes and reduce costs for these beneficiaries. This proposal would address the “wrong-pocket problem” by ensuring the health care system bears the cost of implementing a program from which it can potentially benefit.

**The administration should ensure Medicare and other federal programs and policies support substantially reducing the number of older adult falls and their associated financial impacts.** Approximately one in three older adults falls annually, resulting in about \$34 billion in health care costs. Falls are the leading cause of injury-related deaths for older adults, and most falls occur in the home setting.

**CMS and the states should encourage greater reimbursement of telehealth and other technologies that have the potential to improve health outcomes and reduce costs.** In 2014, reimbursements for telehealth accounted for less than \$14 million out of the more than \$600 billion spent through the Medicare program.



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