PharMerica

In brief:

LTC industry eyes a post-COVID world with hope, resilience

Welcome to Illuminate, our next-gen, interactive educational platform designed to inform professionals and key decision makers about the most important issues facing the industry today by shedding light on an ever-growing body of knowledge.

Roughly 3% of America's seniors live in so-called institutionalized settlings such as nursing homes. For years, the press has written encyclopedically of a coming "silver tsunami" most believed would dwarf that number tenfold.

Then came declaration of the COVID-19 global pandemic in early March 2020.

Many residents in nursing homes and assisted living perished. Shovel-ready construction projects were scrapped. Almost overnight, occupancy rates across every sector of senior living plunged as an exodus of otherwise health residents departed and facilities across the country imposed moratoriums on move-ins. And length of stay (LOS) – likely the most critical number among investors and facility administrators alike – is no longer spoken about in years, but days (average LOS is near the 150 mark).

Those plunging benchmarks weighed heavy on the mind of Mark Parkinson as he addressed the American Health Care Association's 69th national convention in early October. "This year, I can't really be the calming voice," AHCA's president and CEO reportedly told the crowd. ***"I do think we're going to be just fine, but I really do think this is our toughest time, ever."***

In some circles, even mentioning such statistics borders on obscenity.

After all, at the lowest point of the Great Recession that followed the Wall Street collapse in 2008, nursing home occupancy rates had plunged to 86%.

By the end of June 2020, average occupancy rates for nursing homes had plunged from 86.7% the quarter before to 80.2%. By the end of September 2020, it had fallen another four points to 76%, according to the National Investment Center for Seniors Housing & Care (NIC).

Occupancy rates over the same span fell similarly (although less severe) for assisted living (from 85.3% to 79.1%) and independent living (from 89.8% to 84.9%).

The obscene part: these were all-time lows since the rates had been recorded.

In some respects, the impact of COVID-19 was a natural disaster long in the making.

A host of phenomena (both parallel and unrelated) had been conspiring to impede a thriving long-term care market.

That baby boomer tsunami, for example, may have been large in number but considerably smaller in infirmity. And a veritable renaissance of senior "tech" also helped to ease any anxieties they had over monitoring their heart and weight issues. Then came the resurgence of telehealth.

Which fed into the growing aging in place movement.

There were countervailing trends as well: massing uncertainty over health insurance, the 2008 recession, and a growing vacuum in affordable housing.

At the same time, new care models like "Green House" were emerging. One Harvard researcher believes the future will see heightened interest in new alternative housing models and community-based care settings.

None of this is to say current models of care are ever going away. But thanks to COVID-19 and the surge of new arrangements vying for seniors' interest and disposable income, competition will force a certain amount of transformation. One trend will be elevating nursing homes to the kind of health care that was only possible before in hospitals.

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