

## ASSISTED LIVING COST SURVEY

- I have surveyed the cost for supervised care in the Salt Lake Valley area in 2007 and a similar survey was conducted in November 2003.
- Table 1 is a summary of the 2003 and 2007 supervised care surveys.
- There are three levels of supervised care facilities:
  - 1) **Assisted Living Facilities:** Assisted living facilities provide residents with limited assistance with activities of daily living such as dressing, bathing, etc. Residents must be ambulatory or mobile, and capable of exiting the facility in an emergency without the assistance of another person. They must be in stable health and may receive regular services from a licensed health care professional.
  - 2) **Long-Term Care Facilities:** Long-term care provides residents with substantial assistance with activities of daily living and coordinated supportive personal health care services, available 24 hrs each day. Residents may be independent or physically disabled but capable of directing their care, and able to evacuate a facility with the help of one person.
  - 3) **Special Care Facilities:** Special care facilities provide residents with assistance in all activities of daily living. Special Care Facilities usually focus in one specific area of care, such as dementia. The facilities have a high level of security and available health care 24 hrs each day. Pharmacy delivery is usually available, as well as transportation and/or accompaniment to any health care appointments.
- The average monthly cost for assisted living care is \$2,752 including meals but, excluding housekeeping and laundry.
- The average monthly cost for long-term care is \$4,994 including meals and housekeeping services.
- Assisted living care costs in Salt Lake Valley have increased at an annual rate of 2.77% since 2003 or approximately equal to the 2.9% overall inflation rate (CPI) for the same period.
- Long-term care facilities had an annual cost of escalation of 7.60%. And, specialized care facilities increased at a 10.01% annual rate.
- The Consumer Price Index (CPI) measures inflation at the retail level, and reflects the average price change over time for a constant quality, constant quantity market basket of goods and services. In most cases it approximates what households spend out-of-pocket on goods and services used for day-to-day living.

**TABLE 1**  
**Summary Survey Supervised Care Facilities Cost**

<u>Care Level</u>	<u>Survey Nov-03</u>	<u>Survey Feb-07</u>	<u>\$ Change</u>	<u>Annual % Change</u>
SLC Assisted Living - No Housekeeping	\$2,530	\$2,752	\$222	2.77%
SLC Long-Term Care	\$4,025	\$4,994	\$969	7.60%
SLC Specialized Care	\$4,345	\$5,722	\$1,377	10.01%
Average U.S. Assisted Living / Nursing Home CPI Increase 2003, 2004, 2005 and 2006				4.23%
Average CPI Inflation 2003 – 2006				2.90%
Average U.S. Assisted Living / Nursing Home CPI Increase 1992 – 2006				5.20%
Average CPI Inflation 1992 – 2006				2.80%

- Medical care is one of eight major groups in the Consumer Price Index (CPI). There are two medical care groups, medical care commodities (MCC) and medical care services (MCS), each containing several item categories (Strata).
- Included in MCS is a strata for supervised care facilities identified as “Nursing Homes”. The nursing home component of CPI includes charges for residential care at nursing homes, nursing home units of retirement homes, and convalescent or rest homes. It also includes non-residential adult day care, a newer item with few price observations at this time.
- How does the observed increase in Utah cost for supervised care facilities compare to national trends? According to the nursing home component of the CPI index, supervised care costs are increasing at a much faster rate than overall inflation.
- As shown in Table 1, during the period from 2003 to 2006, U.S. nursing home costs increased at a rate of 4.23% per year as compared to an overall inflation rate of 2.90%.
- Table 2 is an index of nursing home costs for the entire period these costs have been measured as part of the overall CPI index.

**TABLE 2**  
**Nursing Home Inflation Index**

Year	Inflation CPI - U	Nursing Homes	Net
1992	3.0%	8.7%	
1992	3.0%	8.2%	
1993	2.6%	7.5%	
1994	2.8%	5.7%	
1995	2.9%	4.4%	
1996	2.3%	4.4%	
1997	1.6%	3.9%	
1998	2.2%	4.7%	
1999	3.4%	4.2%	
2000	2.8%	4.8%	
2001	1.6%	4.1%	
2002	2.3%	5.0%	
2003	2.7%	5.8%	
2004	3.4%	3.5%	
2005	3.2%	3.5%	
2006	2.8%	4.1%	
2007	2.8%	5.7%	
2008	3.8%	3.6%	
2009	-0.4%	3.8%	
2010	<u>1.6%</u>	<u>3.1%</u>	
Average	<u>2.5%</u>	<u>4.9%</u>	<u>2.42%</u>
<b>Nursing Home Escalation Factor</b>			<b>2.42%</b>
<b>T-Bill Less Inflation (Net Discount Rate)</b>			<b><u>1.46%</u></b>
<b>Net Nursing Home Escalation Rate 1992- 2010</b>			<b><u>0.96%</u></b>
<b>Net Nursing Home Escalation Rate 2006 - 2010</b>			<b><u>0.48%</u></b>

- During the period from 1992 to 2006, nursing home costs increased at an annual rate of 5.20% as compared to an overall inflation rate of 2.80%.
- The cost changes for supervised care facilities in Salt Lake City, for the period from 2003 to 2007, indicate an annual rate of change from 2.77% for assisted living to 7.6% for long-term facilities to 10.01% for specialized care. The national annual increase for care facilities, for the same period, averaged 4.23% as compared to an overall inflation rate of 2.90%.