

Opening Statement of Senator Chuck Grassley
April 26, 1999

When some people hear the term "assisted living," their first question is, "What is it?" The industry is still so new that many consumers aren't familiar with it.

Despite the lack of widespread knowledge, assisted living is growing rapidly. Older Americans are moving into assisted living facilities every day. They see assisted living as a welcome alternative to nursing homes. They value the independence and the quality of life it can offer.

They're willing to pay out of pocket for these services. The average monthly base rate for assisted living is \$1,500. Additional fees can add up, as we'll hear from our witnesses today.

Anecdotal reports suggest many satisfied customers. But it is difficult to move beyond anecdotal information and on to hard facts.

Assisted living means different things to different people and in different states. The 50 states have 25 different licensing categories for assisted living. They all regulate it differently.

This variety makes it a challenge to determine exactly how many people are in assisted living and what sort of services they receive. By any estimate, the industry is big and getting bigger.

Researchers report that 650,000 people live in 11,500 assisted living facilities. By comparison, 1.2 million people live in 17,000 nursing homes.

The assisted living industry predicts tremendous expansion. The industry says it has 30,000 assisted living residences in operation now with 180,000 more expected within 10 years. An increasing number of states are directing some Medicaid money toward assisting living.

With this growth in mind, our Committee asked the General Accounting Office to help us learn more about this industry.

We asked the GAO to look at several aspects of assisted living:

- (1) the residents' needs and the services provided;
- (2) whether facilities give consumers adequate information to choose a facility;
- (3) state approaches to oversight;
- (4) the extent of quality of care problems;
- (5) and the extent of consumer protection problems.

Our motivation was to understand how assisted living can help meet our nation's skyrocketing long-term care needs.

Long-term care is one of the most fundamental services any of us will require in life. It is also one of the

most expensive. When we require it, we expect to get what we pay for. We expect it to meet our needs.

Today's hearing will help us understand whether older Americans get what they pay for from assisted living, and whether assisted living meets their needs.

On the first panel, we will hear from two individuals who have had first-hand experience with assisted living through family members. Next, we will hear from the GAO. Then we will hear from expert witnesses who have conducted extensive research. Finally, we will hear from industry representatives.