NCAL has organized more than 30 national advocacy groups in support of Sen. Gordon Smith’s (R-Ore.) bill, Home and Community Services Co-payment Equity Act of 2006 (S. 2409).

S. 2409 seeks to eliminate Medicare Part D co-payments for low-income beneficiaries living in assisted living and residential care facilities (ALF/RCs) across the United States. The Medicare drug benefit law requires dual eligibles—residents eligible for Medicaid and Medicare and living in ALF/RCs—to pay required co-payments for their medications. Current law stipulates that dual eligibles living in “institutions” such as skilled nursing facilities are not required to pay.

S. 2409 seeks to cover Part D co-payments for dual eligibles residing in ALF/RCs, and other licensed facilities deemed appropriate by the secretary of Health and Human Services. These facilities include group homes for people with mental retardation and developmental disabilities, psychiatric health facilities, and mental health rehabilitation centers. Dual-eligibles receiving services under Medicaid’s home- and community-based services (HCBS) waivers in home settings would also be covered. The groups endorsing the bill represent consumers, long term care providers, pharmacists, and state ombudsmen.

Individuals are required to use their personal needs allotment—a small monthly stipend taken from their monthly Social Security check—to pay for personal items such as shampoo, clothing, over-the-counter medication, and their Part D plan prescription drugs, which include co-pays and medications not included on a plan’s formulary. Under the Medicare Modernization Act (MMA)—the law that established the new prescription drug benefit—dual eligibles were required to sign up for the prescription drug benefit. Prior to MMA, dual-eligibles

NCAL, continued on page 6

Brookdale Senior Living To Acquire American Retirement

Continuing its buying spree, Chicago-based Brookdale Senior Living said it would acquire American Retirement Corp. (ARC) for $1.2 billion, or $33 a share, establishing one of the nation’s largest seniors housing and care operators.

Once completed, the new company would have 535 properties in 34 states, capable of serving 50,000 residents. The combined company will operate 73 independent living facilities with more than 13,750 units, 413 assisted living facilities with more than 21,640 beds, and 49 continuing care retirement communities with a combined total of more than 14,680 units and beds.

“This is an extraordinarily powerful combination of complementary businesses that creates the nation’s largest operator of senior living facilities,” Brookdale Vice Chairman William Doniger said in a statement. “American Retirement Corp. is a great strategic fit for us, and this combination creates, in our opinion, the highest-quality portfolio of senior housing assets in the United States.”

Brookdale Chief Executive Officer (CEO) Mark Schulte and ARC CEO, Chairman, and President W. E. Sheriff will become co-CEOs of the combined company.

An affiliate of the Fortress Investment Group, Brookdale’s largest shareholder, provided $1.3 billion in equity for the merger, leaving Brookdale the option to reduce the amount of the equity commitment up to $650 million. The deal is expected to close during third-quarter 2006. The company reported a net loss of $19.3 million, or $0.30 per diluted common share, in first-quarter 2006, with same-store revenue, excluding developments, up 6.4 percent compared to fourth-quarter 2005.
Extendicare Health Services, Milwaukee, will convert to a Canadian real estate investment trust (REIT) and spin off its Assisted Living Concepts (ALC) into a publicly traded company on the New York Stock Exchange, the company announced recently, following six weeks on the auction block.

“I am pleased that this strategic reorganization is proceeding in such a positive direction for our shareholders,” said Extendicare’s Chief Executive Officer Mel Rhinelander. While the company had received bids for its purchase in the previous weeks, when compared with the reorganization, “we believe the REIT will provide better value for our shareholders,” he said during an investor conference call.

When pressed for further explanation of the conversion, Rhinelander said that the U.S. market is more conducive to the company’s growth and strategic plans. “With more positive funding models now in the U.S., and the resource utilization groups’ issues resolved, we are now moving in that direction,” he said, adding, “the new REIT will enable growth both organically and with acquisitions. You will see movement in that area soon.”

Extendicare, which ranked seventh in Provider magazine’s Top 50 Nursing Facility Chains for 2005, and sixth among assisted living companies, will continue to operate its U.S. and Canadian skilled nursing facilities and related businesses through wholly owned operating entities. The company also will apply for a Toronto Stock Exchange listing.

Extendicare will transfer 29 assisted living facilities currently owned by the company to ALC. Upon completion of the reorganization, ALC will be comprised of 206 assisted living properties with 8,251 units and will be ranked among the five largest assisted living companies in the United States, with annual revenue of $220 million, according to the company.

“It became clear to us that investors were not willing to recognize ALC at its true value,” said Rhinelander of the ALC spin off. “If you look at the assisted living peer groups in the United States, multiples are trading better. We believe that ALC will be compared to other assisted living companies and be given enhanced value; there is a demand for solid, well-managed assisted living services in the U.S.”

Hearthstone Assisted Living Executives Become Owners

Hearthstone Assisted Living executives purchased the company’s operations and sold the real estate to Nationwide Health Properties (NHP) for $431 million, according to a company statement, simultaneously changing its name.

Chief Executive Officer Tim Hekker, Chief Financial Officer James Wang, and Chief Operating Officer Laurence Daspitz bought Hearthstone’s operating assets for an undisclosed amount and changed its name to Hearthstone Senior Services.

The sale of The Woodlands, Texas company’s real estate holdings to NHP of Newport Beach, Calif., coincides with a long term lease agreement to Hearthstone Senior Services for all 32 Hearthstone and Carestone communities operating in ten states.

NHP will also provide $15 million in capital to Hearthstone Senior Services to fund expansions of existing communities and another $300 million for potential development or acquisitions.

Health Care Property Buys CNL

Health Care Property Investors (HCP), Long Beach, Cal., may soon become the “nation’s largest portfolio of independent and assisted living communities, health care facilities, and medical office buildings,” following its $5.2 billion purchase of Orlando, Fla.-based CNL Retirement Properties, according to a recent HCP announcement.

The agreement, which HCP claims is the largest transaction in health care real estate investment trust (REIT) history, consists of payment to CNL of $13.50 per share of its outstanding common stock, in the form of cash and HCP stock.

The deal is expected to close by the end of September, HCP said.

HCP’s new portfolio will consist of nearly 800 properties in 44 states, including some operated by the seniors housing industry’s foremost names, such as Sunrise Senior Living, American Retirement Corp., HCA, Horizon Bay, Erickson Retirement Communities, and Encore Senior Living.
Schedule Convention
HHS Pandemic Checklist Developed For Long Term Care

As your facility developed a plan for how it will respond during a potential avian flu outbreak? Even if your facility has a plan, administrators may want to review the newly released tool designed specifically for long term care facilities. The Department of Health and Human Services (HHS) and the Centers for Disease Control and Prevention (CDC) released a checklist to help long term care and assisted living/residential care facilities take steps to prepare for a possible flu pandemic.

NCAL and AHCA staff were instrumental in developing the checklist and worked collaboratively with HHS, CDC, the Alzheimer’s Association, American Medical Directors Association (AMDA), National Association of Directors of Nursing Administration in Long-Term Care (NADONNA), and other stakeholders in compiling the checklist.

“This new checklist should be very valuable to long term care facilities as one tool in developing a comprehensive pandemic influenza plan,” says Janice Zalen, AHCA senior director of special programs.

The checklist identifies key areas for pandemic influenza planning, and long term care facilities can use this tool to self-assess the strengths and weaknesses of current planning efforts.

Preparedness suggestions include:
- Have a structure for planning and decision making, with a multidisciplinary group created specifically to address pandemic influenza preparedness planning.
- Develop a written pandemic influenza plan that identifies the person or persons authorized to implement the plan and the organizational structure to be used.
- Develop a facility communication plan that includes key points of contact such as local and state health department officials and a person responsible for communicating with staff, residents, and families.

“Based on the many differences between facilities, and their different patient populations, each facility will need to adapt this checklist to meet its unique needs and circumstances,” says Zalen. “This is a very helpful exercise because working with this checklist will help facilities better plan for other emergency situations.”

A copy of the “Long-Term Care and Other Residential Facilities Pandemic Influenza Preparedness Checklist” is available at www.pandemicflu.gov/plan/LongTermCareChecklist.html. Available at www.pandemicflu.gov.

NCAL, continued from page 1

had their medication costs covered by the Medicaid.

“Medicaid clients have not had to make co-payments. They are used to spending their personal income funds on phone service, personal care items, and snacks,” said Margaret Carley, deputy director and legal counsel for the Oregon Health Care Association. Carley helped Smith’s office draft the legislation. “There is also a greater chance that the drugs they are taking are not on the prescription drug plan’s formulary; therefore, they have to pay full price for those drugs in addition to covering the $10 to $30 co-payments for their other drugs.”

In Oregon, there are about 21,400 dual eligibles living in assisted living, in adult foster homes, or receiving services in their own homes. This population includes seniors, people with physical disabilities, and individuals with developmental disabilities.

Oregon’s dual eligibles living in facilities have a monthly personal incidental fund of $136 to cover all personal expenses. Other states have similar provisions; for example, Florida and Arkansas allot $55 a month for dual-eligibles. In other states, the personal needs allowance is much lower.

A 2002 government study revealed the average assisted living resident uses an average of eight to 10 prescriptions per month, with some needing up to 25 medicines per month. The co-pays add up quickly, say organizations.

“These co-pays may not seem like a lot of money, but if you need eight medicines each month, the expense adds up quickly for people with extremely limited means,” said David Kyllo, NCAL executive director. “For some dual-eligible residents these prescription co-payments will exceed their monthly personal allowances under Medicaid. Providers are concerned their residents will not have access to the medicines they need to survive.”

To view the entire letter and a list of supporters of S. 2409, visit: www.ahca.org/news/ltr_smith_06060.pdf.
Judith Packer, an internist in Newton, Mass., decided several years ago to give up her office-based practice for a practice that recalls the bygone era of doctors making house calls.

A growing number of Packer’s elderly clientele are seniors residing in assisted living facilities.

Packer is among a growing number of physicians making house calls to seniors in assisted living facilities, according to the American Academy of Home Care Physicians (AAHCP).

“Our impression is that the majority of our members are serving assisted living residents,” says Constance Rowe, executive director of AAHCP. Some of the physicians are following their aging clients as they move into assisted living residences and other congregate care settings.

The trend may be attributed to an increase in Medicare Part B reimbursement rates. A recent rate increase makes it financially feasible for more physicians to make house calls to people living in ALFs, residential care, or other types of congregate care facilities. Prior to Jan. 1, 2006, the house call reimbursement rates paid to physicians visiting residents of assisted living facilities was significantly less than if a doctor visited a senior in their own home. On Jan. 1, 2006, the national average reimbursement to a doctor making a house call in a facility rose to $126.90, from $51.41, said Rowe.

Medicare Part B defines these visits as Assisted Living Domiciliary Care. Under the Medicare program, seniors needing a doctor to visit them in a facility can receive a reimbursable house call as long as the resident’s condition is a “medical necessity.” The typical resident has a multitude of chronic conditions and needs a special transport or cannot get to the doctor’s office, says Rowe.

A booklet developed by the academy suggests a list of appropriate patients that can be reimbursed by Medicare. Rowe says physicians typically handle the Medicare billing.

However, before a physician makes a house call, Rowe recommends that ALF administrators have policies and procedures in place on how to handle the incoming doctor.

Rowe says assisted living and other congregate care facilities may allow their residents to arrange for the doctor visit by allowing the doctor to enter the facility as a visitor. A facility may choose to arrange for the doctor’s visit, or it can set up a contract with doctors.

“Most seniors want to age in place. If they have chosen your assisted living facility as their home, they want to stay, even if the often inevitable advent of multiple chronic conditions makes them unable to see a physician as regularly as is necessary to prevent unneeded and unwanted emergency room visits and inpatient hospitalizations,” says George Taler, AAHCP’s president. “Allowing your residents to see a house call physician is a win for everyone—for your residents, because it gives them what they need; for you because you are able to keep your residents at your facility; and for your families and community because of the reduced stress and reduced overall health care costs.”

To find a doctor willing to make house calls visit the AAHCP Web site at www.aahcp.org, and click on the “Find A Provider” button. The list can be searched by state or by zip code.

The booklet “Medical Visits in Assisted Living Facilities and Other Congregate Care Settings: A Primer For Facility Operators and Medical Providers” is available for purchase and can be ordered by visiting www.ahcp.org, click on “Publications” tab, or by calling (410) 676-7966. The booklet costs $25.

National Assisted Living Week Planning Guide Available

The 2006 National Assisted Living Week (NALW) ® Planning Guide and Product Catalog contains activity ideas and products that support your facility’s week long celebrations built on the theme “Hearts in Harmony.”

The theme seeks to promote the special bond that exists between the seniors and their caregivers. Each serves as a second family to the other.

This year’s 2006 planning guide contains suggestions for special activities that promote the social and recreational interaction between residents, staff, family members, and volunteers.

Copies of the planning guide and product catalog can be downloaded from the NALW Web site www.nalw.org. If you prefer to receive a printed copy send your name and address via e-mail to Martece Yates at myates@ncal.org.
Rick Miller, chief executive officer of Avamere Health Services, was elected vice chair of the American Health Care Association (AHCA). The special election for the nation’s largest association of professional long term health care providers was conducted following the resignation of Norman Estes, who cited personal reasons for stepping down from the AHCA Board of Governors.

Miller brings to this new position 19 years of experience across the full spectrum of long term care.

His company, which is based in the Pacific Northwest, has skilled nursing and assisted living/residential care facilities as well as continuing care retirement communities. Avamere facilities are located in Illinois, Indiana, Ohio, Oregon, and Washington.

Chesapeake Health, located in Chesapeake, Va., has named Lorene Bennett senior services director of two assisted living facilities, Georgian and Cedar Manor, both located in Chesapeake.

Iris Broun has been promoted from her position as assistant to the chief executive officer to executive director of Epworth Village, a senior living community that includes independent, assisted living, and skilled nursing at the Susanna Wesley Health Center, all located in Hialeah, Fla.

Bickford Cottage, a 46-unit assisted living facility under construction in Battle Creek, Mich., recently named Joanna Stelloh Phelps as the facility’s community relations director. She previously worked as director of community relations for The Heritage Assisted Living in Battle Creek. Bryan Dove will become Bickford Cottage’s new executive director. Dove’s role includes supervising daily operations and administration.