



Bringing Innovation to Healthcare

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We've all read a lot of statistics about Baby Boomers, but here's one that is truly surprising: According to AARP, 10,000 Boomers are reaching the traditional retirement age of 65 every day—and this pace will continue into the 2030s. Furthermore, the Insured Retirement Institute estimates that 70% of people currently turning 65 will require long-term care at some point in their lifetime, and they will receive care for an average of three years. The first Baby Boomer will turn 80 years old in 2026; only 8 years from now.

For healthcare providers, this “silver tsunami” raises some pressing and vexing questions about the kind of care they will need to provide and the amount they can charge. While Boomers are quickly becoming seniors and retiring en masse, as a group they have not been good with savings. According to a report from Vanguard, 45% of Baby Boomers report having no retirement savings whatsoever. And only 24% are confident they will have enough savings to last throughout retirement, according to statistics compiled by the Pennsylvania Healthcare Association.

Add to these challenges the fact that Boomers—who are generally more fit than previous generations and will live longer—are likely to demand new types of senior care and senior housing. And given the size of the market, the potential rewards are enormous. There are opportunities to improve the lives of Baby Boomers becoming seniors and change the delivery model. Some of the most promising areas of innovation and investment include specialized facilities, creative construction, and healthcare technology.

Specialized Facilities

As we all know, the old “nursing homes” are a thing of the past. There have been great strides in offering more specialized care to seniors depending on their length of stay, independence and lifestyles. For example, owners of some older style nursing homes have renovated and retrofitted portions or wings of their properties to become short-term, post-acute rehab facilities. These

capital improvements are intended to align with the needs and consumer demands of younger, healthier individuals in their sixties and older who are coming from a surgical procedure to repair a hip or knee and who expect to get back on the tennis court or golf course before long. Given the active lifestyle of Boomers, it's likely that demand for these facilities will grow. Older nursing homes have added and embraced senior day care services where adult children can drop off their parents for the day where they are supported in a safe environment of camaraderie, healthy meals and organized activities.

Another type of facility that is coming back into favor since the Great Recession is the Continuing Care Retirement Community (CCRC) that provides older adults with independent living, assisted living, memory care and skilled nursing options. CCRCs target an independent customer seeking hospitality style amenities and services in a country club-like setting. One of the big attractions of CCRC's is that residents can remain in the same community with the same healthcare provider and use various healthcare services as their needs evolve over time, often with a Life Care contract provided by CCRC.

Demand continues to increase for Memory Care facilities, which serve the complex needs of those with dementia. According to NIC, an estimated 5.1 million Americans over the age of 65 had Alzheimer's disease in 2015. That number is expected to grow by 40% to 7.1 million by 2025,

and then nearly triple to 13.8 million in 2050 as the size of the U.S. population age 65 years and older increases.

Creative Construction (Addressing the Middle Market)

As noted earlier, Boomers as a group have not been good at saving for the future and yet the hard truth is that long-term care is expensive. The industry will need to get creative on how to keep costs down and more affordable for the vast number of people who will rely on Medicare and Medicaid. Not everyone will be able to afford a CCRC membership, or a private room at a Memory Care facility.

One big cost of any new facility is the actual construction--whether for newly built facilities—such as stand-alone Memory Care--or expansions of existing communities—such as short-term, post-acute rehab or the adding of an additional segment of the industry, such as Assisted Living or Independent Living. With this in mind, some companies are using creative architecture to keep costs down. For example, one of the largest providers of Senior Housing and Care in the Greater Boston area recently opened a newly designed Assisted Living and Memory Care facility - offering suites with two bedrooms and a shared bathroom—with a layout that still ensured privacy for both occupants. By eliminating about half the typical number of bathrooms, the company cut construction costs by 20% and enabled them to offer monthly rates well below the market average.

Healthcare Technology

Investing in health information technology (HIT) is becoming more common, improving efficiencies and lowering costs that can be passed along to patients. Meanwhile, new technologies such as tele-health, virtual care systems, and video conferencing with live doctors can also lower costs and expand the types and quality of care, according to the National Investment Center for Seniors Housing & Care (NIC).

There is also an emerging array of technologies that promise to help senior citizens maintain their independence and age in place, including smart

phones, remote sensors, and handheld devices. These and other technologies—such as those that remind the elderly to take their medications, detect falls and summon emergency assistance and send alerts if the senior does not get out of bed at the regular time---can help seniors stay in their homes longer without the need for expensive 24-hour care. And for seniors who live at home but can no longer drive, there are now a variety of medical transportation solutions, even the smart phone app companies of Uber and Lyft recently announced a new service specifically designed to support seniors' transportation needs to ferry them back and forth to medical appointments.

On another front, robots could soon supplement human caregivers and mitigate the severe and growing shortage of nurses and aides, according to the American Society on Aging. Robots offer many potential advantages: they could lift heavy patients; talk, listen, and read to patients; and help preserve patient dignity, especially with toileting.

Forward Thinking

These examples just scratch the surface of what is possible in the healthcare and senior housing industry. Innovation comes in many forms, and implementing new ideas, improvements and upgrades will present plenty of challenges. Given the overwhelming size of the Baby Boomer demographics bearing down on the industry, it's vital that owners and operators of healthcare facilities think creatively about delivering care and invest wisely to meet the needs of seniors at affordable costs. Maybe it's a solution that has not yet been contemplated, but will become part of the Senior Care industry. How will your organization innovate?



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