Testimony on the Cost and Availability of Insurance for Affordable Senior Housing

Testimony Provided by

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Introduction

On behalf of the membership of LeadingAge New York, thank you for the opportunity to submit written testimony on the challenges faced by affordable multifamily senior housing properties in relation to the cost and availability of insurance.

LeadingAge New York represents over 350 not-for-profit and public providers of senior housing, aging services, and long-term and post-acute care, as well as provider-sponsored Managed Long-Term Care (MLTC) plans and Programs of All-Inclusive Care for the Elderly (PACE). Of our members, more than 130 are mission-driven senior housing operators, with approximately 80 offering subsidized and income-restricted rentals to independent, low-income older adults.

Our national partner, LeadingAge, represents more than 5,400 nonprofit aging services providers and other mission-driven organizations serving older adults. Together, we engage in advocacy, education, research, and peer-to-peer connection to support aging well, regardless of income, location, or level of need.

Unique Features and Challenges in Affordable Senior Housing

Safe, affordable housing is a critical foundation for New York's growing older population to age in their communities and to extend their healthy living years for as long as possible. In addition to age-appropriate design and accessibility features for older adults, multifamily senior housing offers the opportunity for socialization and engagement and can be a platform for connections with aging-related services and resources in the community.

These resident-centered elements – including emergency notification systems, mobility adaptations, and "resident assistants" who are available on request to connect low-income, aging residents with community resources that foster healthy, independent living – not only help ensure housing stability and better quality of life for older New Yorkers but also mitigate their reliance on higher, more costly levels of publicly funded care. However, these non-medical characteristics can also create a unique challenge in securing affordable insurance coverage as carriers and brokers often mis-categorize independent senior housing as a higher liability assisted living or "health" setting.

At the national level, LeadingAge has noted that insurance costs are higher and coverage is more complex and less widely available in cases where carriers misclassify senior housing as a health setting as opposed to a real estate setting, driving up costs and potentially forcing properties to limit or entirely remove resident services and aging adaptations to improve "insurability".[1]

As the State considers opportunities to implement its Master Plan for Aging (MPA) and other policies that will support independence and aging in community for the older adults that comprise nearly 20 percent of its population, it must recognize that cost pressures and insurability challenges leading to reduced aging supports for residents stand in direct contradiction of the underlying healthy aging goals of these efforts. LeadingAge New York therefore urges the

[1] Juliana Bilowich, LeadingAge, Letter to The Honorable Adrienne Todman, Acting Secretary, U.S. Department of Housing and Urban Development, 5 Aug. 2024.

Committees to pursue solutions that ensure adequate and affordable insurance coverage for multifamily housing that includes features designed to help aging New Yorkers remain independent and avoid higher levels of care.

Potential Solutions to Address Rising Insurance Costs and Coverage Challenges

We urge lawmakers and State agencies to work together and in concert with Congress, the U.S. Department of Housing and Urban Development (HUD), and other federal agencies to achieve the following approaches to the property and liability insurance crisis:

Provide Support to Help Absorb Costs: In a snap poll conducted of a sampling of LeadingAge's housing operator members across the nation in July 2024, most of the respondents reported that their insurance premiums were increasing at a "concerning level" – often to the tune of double- or even triple-digit percentage increases. LeadingAge has reported that affected providers may be resorting to deductible buy-down policies or foregoing certain coverages to keep up with rising costs, but these approaches could put the fiscal integrity of the housing stock at risk. [2]

Exploring options to help providers within the Homes & Community Renewal (HCR) portfolio absorb rising insurance costs is a State-level solution that could help keep housing communities from reducing critical coverage, accepting fiscally-irresponsible deductible levels, or cutting other necessary costs at the property – like capital projects and property repairs – that worsen the condition of the asset, thereby contributing to insurability challenges and threatening the long-term sustainability of the affordable housing stock.

Simultaneously, the State should continue and expand its programs to aid in and incentivize repairs and improvements to properties within its portfolio, including efforts to improve resilience, that will ultimately improve insurability and reduce risk for these communities.

Promoting Market Competition and Incentives for Risk-Reduction: Currently, there are only limited carriers offering coverage for affordable housing properties, particularly for affordable senior housing properties. The lack of competition has resulted in runaway cost increases for affordable housing properties, even in cases where there is no history of claims or other increases in risk. LeadingAge New York joins LeadingAge in encouraging solutions that address market competition, like the recent launch of the State's Risk Reduction and Affordability pilot, with a focus on identifying products targeted at parts of the market that are underserved. In addition, we reiterate the importance of providing direct incentives and other support to housing operators that engage in activities that will mitigate risk for a property and its residents, including the addition of age- and disability-appropriate design features.

Take Additional Steps to Address Discrimination: LeadingAge New York applauds the State's new, nation-leading laws banning discrimination against affordable housing in insurance premiums and coverage decisions; however, there is currently little to no data showing the types of coverage and associated costs that affordable housing communities adopt, or the reasons for coverage denials. For example, LeadingAge has nationally observed coverage denials due to the

[2] Ibid.

presence of older adults at a property, because of the presence of mobility-related supports such as grab bars or pull cords, or because of wellness programming that supports aging in place.[3]

Protections must prevent insurance carriers from denying insurance coverage not only based on residents' source of income, but also their race, age, and disability. Implementing better data collection requirements to understand the current reasons for denial, as well as additional guardrails around the types of data that insurance carriers can use to set rates, would be foundational steps toward ensuring comprehensive protection and regulation of the insurance market.

Conclusion

Thank you for your consideration of the unique challenges faced by affordable senior housing properties in securing affordable insurance coverage and these high-level suggestions – including addressing the rising cost and increased scarcity of coverage as well as addressing the underlying causes of these issues – which will ultimately support the preservation and expansion of affordable housing for older adults. We look forward to the opportunity to discussing potential solutions in more detail as the Committees consider legislative and policy changes to mitigate the insurance crisis in New York State.

Founded in 1961, LeadingAge New York is the only statewide organization representing the entire continuum of not-for-profit, mission-driven, and public continuing care, including home and community-based services, adult day health care, nursing homes, senior housing, continuing care retirement communities, adult care facilities, assisted living programs, and Managed Long-Term Care plans. LeadingAge New York's 350-plus members serve an estimated 500,000 New Yorkers of all ages annually.

[3] Ibid.