

The New Old Age
Caring and Coping

A Helping Hand, Paid on Commission

By Paula Span September 2, 2011 11:50 am

Let's say you are wading into the deep water. You think your parent or another older relative needs more care, perhaps at home, perhaps in an assisted living facility or other residence. You don't know where to turn, which places or agencies to consider. Online, you find a referral service that can provide assistance — and it's free.

Say you fill in the information on the company's Web site and soon get a phone call from an empathetic "elder care adviser" who asks about your relative's situation and your needs and finances, then supplies a list of several facilities in your area that you can visit and evaluate. The adviser follows up with additional phone calls to see how your search is going.

Would it affect your confidence in this service if you learned that it will only recommend facilities that have agreed to pay the company a month's rent, or a significant chunk thereof, if your relative moves in? And that the adviser works on commission and only gets paid if you choose one of the facilities she provided?

Many free referral services operate this way, including the nation's largest, A Place for Mom, which every month fields requests from 50,000 families and refers them to 18,000 facilities and agencies — all of which have signed contracts agreeing to pay when a lead becomes a customer, the company's new C.E.O. Sean Kell told me in an interview. A network of 430 advisers across the country works the phones to try to make that happen.

"It's been a terrific success story in terms of the growth of the company,"

Mr. Kell said. No question there: A Place for Mom, launched in 2000, draws more than 300,000 visitors a month to its Web site.

But the model has raised questions and criticism, and in Washington State has spawned regulatory legislation after an award-winning investigation in 2010 by The Seattle Times found that some businesses referred seniors to facilities with documented histories of substandard care.

How well does this approach serve consumers?

You could question whether advisers with no required background in geriatrics or senior care are suited to guiding families through such decisions, even when a company provides some training. You could question how useful advisers can be when they work solely by phone and never meet the senior or the family.

And though A Place for Mom expects its advisers to visit the properties they recommend, Mr. Kell said, he acknowledged that it could take them years to accomplish that, particularly in metropolitan areas with scores of facilities. In many cases, therefore, advisers will be referring callers to assisted living or independent living facilities, nursing homes, specialized dementia residences, continuing care communities or home care agencies that they haven't visited for years, or haven't seen at all.

Still, it could well be useful to acquire a list of possibilities in an area, particularly if you live elsewhere, as a way to start a search. "People then have to tour those properties and make their own decisions," Mr. Kell said. "We don't expect them to make a decision based on our referral alone." Fair enough — but consumers should understand how the system functions.

Most don't, said Cindi Laws, executive director of the Washington State Residential Care Council of Adult Family Homes. "When you tell people that there's a fee paid by the provider, and how much it is, they're appalled."

(If you've had experience, positive or negative, with an elder care referral Web site, please tell us about it in the comments section below.)

The A Place for Mom Web site states (though not prominently): "This personalized service is offered at no charge to families, as many of the nation's care communities reimburse the company for its services."

Mr. Kell added, "We want to be completely transparent and clear about how we operate and how we and our advisers are compensated."

But will clients who read that sentence, if they do read it, recognize that they will be referred only to facilities that have signed contracts and agreed to pay a proportion of the first month's rent when a resident moves in? (Mr. Kell wouldn't say what the fee is, but The Seattle Times reported last year that referral businesses overall averaged \$3,500 per placement in Washington's King County and that A Place for Mom advisers received a \$650 per person commission. In a hotly competitive market, the payments may have changed.)

"It's an unethical business model," said C. Byron Cordes, president-elect of the National Association of Professional Geriatric Care Managers, who practices in San Antonio. "If there are five assisted living facilities in your town and A Place for Mom has contracts with three of them but the fourth is the best for your mother – you won't hear about it."

"You think you've found an ally when you've really found a salesperson," he added.

Geriatric care managers provide some of the same services as online referral businesses and might be considered a competitor. Among the many differences, however, is that care managers are paid only by the families employing them. The care managers' association's code of ethics forbids fee-splitting or accepting referral fees.

Some online referral services also take a different approach, a model

called “lead generation.” Two-year-old SeniorHomes.com, for example, is currently active in 34 states. Its site lists all the facilities in a geographic area, not just those that pay for leads. It does have commercial relationships with some facilities, which typically pay \$50 for a “qualified lead” and are therefore featured at the top of a page with photographs, a practice the Web site clearly explains in a section labeled “How we make money.” Otherwise, it doesn’t steer users to one facility or another, and receives no additional payment if a user moves in.

Last year, Washington State grew sufficiently concerned about proliferating referral companies that a coalition introduced legislation to require better disclosure of fees and commissions. The bill also brought placement companies under the state’s consumer protection act so that the attorney general can investigate complaints. The industry, including A Place for Mom, opposed the bill, but it passed by wide margins and the governor signed it in May.

“This is a clarion call to any industry, especially a young one, to say, ‘We’d better get together and set standards for ourselves before somebody makes us,’” said Zachary Sikes, a senior vice president of LeadingAge, which represents nonprofit long-term care providers.

A free referral service can be a boon to uncertain families at a vulnerable time. (So can geriatric care managers, but many people can’t afford \$125 an hour and up.) But there are other ways to get such information, including nonprofit social service organizations.

As a start, try your local Area Agency on Aging; there are more than 600 across the country, and they can also refer you to local facilities, agencies and programs. They’re free, too — your tax dollars at work.