



NURSING HOME USE IN OHIO: WHO STAYS, WHO PAYS?

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Fast Facts

For many Ohioans nursing homes are no longer long-stay institutions but have become short-term rehabilitation facilities.

In 1992, Ohio had 71,000 nursing home admissions, 30,000 of these were classified as Medicare. By 2003, Ohio had 169,000 admissions, 116,000 were Medicare.

In tracking all first time admissions to Ohio nursing homes between 2001 and 2004 we found that after 3 months only 43% of all those admitted continue to reside in a nursing home. By 6 months less than one-third of all those admitted continue to reside in a nursing home.

Payment for nursing home care is becoming more heavily reliant on the Medicaid program.

While Medicaid is an initial source of payment for 28% of those admitted to Ohio nursing homes, after two years 77% of all residents rely on Medicaid.

Despite this reliance on Medicaid, private paying residents do not spend down to Medicaid as rapidly as anticipated. For example, after 9 months 23% of private payers had converted to Medicaid and after one year one-third of private payers had converted.

the next 15 years (Mehdizadeh, Poff-Roman, Wellin, Ritchey, Ciferri, & Kunkel, 2004). Ohio has also seen an increase in the number of individuals under the age of 65 who experience chronic disability. Ohio's need to both understand and then prepare for its future long-term care challenges is simply undeniable.

Because nursing homes are such a large part of the long-term care system, it is important to learn more about how they are being used in Ohio. In a recent policy brief we reported on the increasing number of nursing home admissions and discharges in Ohio as well as the decreasing occupancy rates in the state over the past ten years (Applebaum, Mehdizadeh, & Straker, 2005). In this brief we provide more detailed information on Ohio nursing home residents' length of stay, along with a breakdown on payment status for these same residents. Given the high cost of nursing home care and because very few older people have long-term care insurance either through employers or the private market, Medicaid has become the major public payer for nursing homes in the United States. Ironically, the nursing home intermediate care benefit, now funded by Medicaid, was not even included in the original Medicaid legislation. Nursing home expenditures represent about 35-40% of all Medicaid expenditures in the United States and Ohio is no exception. An important issue addressed in this brief is how quickly private pay nursing home residents turn to Medicaid for support.

Background

Ohio has one of the largest populations over the age of 65 in the nation (ranked 6th) and so it is not surprising that delivering services to its older citizens has become a major challenge. Because long-term care services are primarily the responsibility of the state, a particular challenge for state policy makers is financing and delivering these long-term care services to Ohioans. For example, in 2004 Ohio's Medicaid program spent over \$3.2 billion on long-term care services with \$2.7 billion allocated to nursing home care (Burwell, Sredl, & Eiken, 2005). Long-term care services account for about 40% of state Medicaid spending. Compounding these ever increasing costs are demographic projections that indicate a 21% increase in the number of severely disabled older people in

Study Approach

To examine length of stay and spend down issues, we used data from the nursing home Minimum Data Set (MDS) which is available for all nursing homes in the state that accept Medicaid and Medicare reimbursement (about 96% of all beds in the state). We built a longitudinal database by taking all first time nursing home admissions entering between July and September 2001 (n= 15,250), and following them for three years through June 2004. Each resident's payment status was recorded as Medicaid, Medicare, or private pay, which included self/ family pay, long-term care insurance, VA, CHAMPUS, and others. The vast majority of residents in the private pay category were however, self/ family pay. Payment status in the MDS is

Table 1
Proportion of Nursing Home Residents Remaining in Facility
Over a Three Year Period
(1994-1996 / 2001-2004)

Time Period						
Proportion still in facility (%)	0-3 months	At 6 months	At 9 months	At 12 months	At 24 months	At 36 months
1994-1996	56.7	41.1	35.2	32.2	24.0	NA
2001-2004	43.1	32.5	20.7	16.1	9.0	5.7

recorded at admission and adjusted quarterly; therefore we cannot calculate the exact number of days within each quarter that a resident used a particular payer.

Length of Stay

As noted earlier, nursing homes have experienced dramatic changes in length of stay patterns over the past ten years. For example, in 1992 Ohio had 71,000 nursing home admissions, of which 30,000 were Medicare admissions. By 2003, Ohio recorded almost 169,000 admissions, of which 116,000 were classified as Medicare admissions. With 90,700 Ohio nursing home beds in service, this volume of admissions and a corresponding increase in discharges has had a major impact on nursing home length of stay patterns.

For many residents the nursing home has become a place to receive short-term care. In following our first time admission group we found that after three months 43% of all those admitted continue to reside in the nursing home (See Table 1). After six months less than one-third (32%) of all those admitted remained residents. The length of stay figures at nine months show one-fifth of all those admitted remain as residents. Finally, the proportion who are still residents after one, two, and three years is 16%, 9%, and 6% respectively.

In an earlier study we tracked new admissions to nursing homes between 1994 and 1996 to determine length of stay (See Table 1). In the seven years since the completion of that study the trend toward short stays in nursing homes has continued. For example, the proportion of residents staying three months or less decreased from 57% in the earlier study (1994) to 43% in this work (2001). The proportion of residents who stayed six months changed from 41% in the earlier time period to 33% in the current study. Even larger differences are recorded at the nine

month and one year time periods. In the earlier study the proportions of residents remaining at nine and twelve months were 35% and 32% respectively. This compares with today's number of 21% and 16% for the same time frames. Finally, two years after admission about 25% continued as residents in the earlier study, compared to 9% in the current study. These changes, which have occurred over a comparatively short period of time, represent a continued and dramatic increase in the short-term use of nursing homes.

Spend Down

The data provide a somewhat mixed scenario on rate of spend down in Ohio. Because Medicaid spend down data had not been available in Ohio, and only on a very limited basis nationally, most of the numbers reported in the past have been loose estimates. Our findings show that during the first year the rate of spend down appears to be lower than the previous estimates. For example, as shown in Figure 1, after six months 12% of private pay residents had shifted to Medicaid. At the nine-month mark 23% were using Medicaid and after one year just under 33% of private pay residents in nursing homes had transferred to Medicaid. Not surprisingly, given the cost of nursing home care, the numbers jump for longer stay residents. After two years 55% of private pay residents are on Medicaid and 64% use Medicaid after three years. The inverse of the previous figures are equally important, these indicate that after two years almost one-half of private pay residents are still paying without government assistance and after three years more than one-third remain in the private pay category.

It is important to note that the data presented in Figure 1 are for private pay residents who remain in the nursing home. As presented earlier, the vast majority of private pay admissions are for very short stays in nursing homes. For example, after three months 39% of all private

Figure 1
Private Pay Nursing Home Residents Who
"Spent-Down" to Medicaid, Over a
Three Year Period (2001-2004)

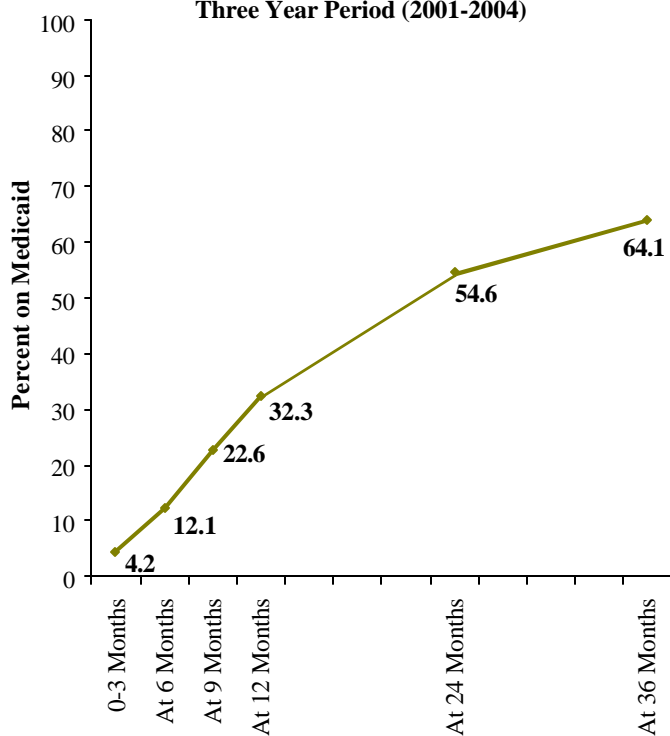
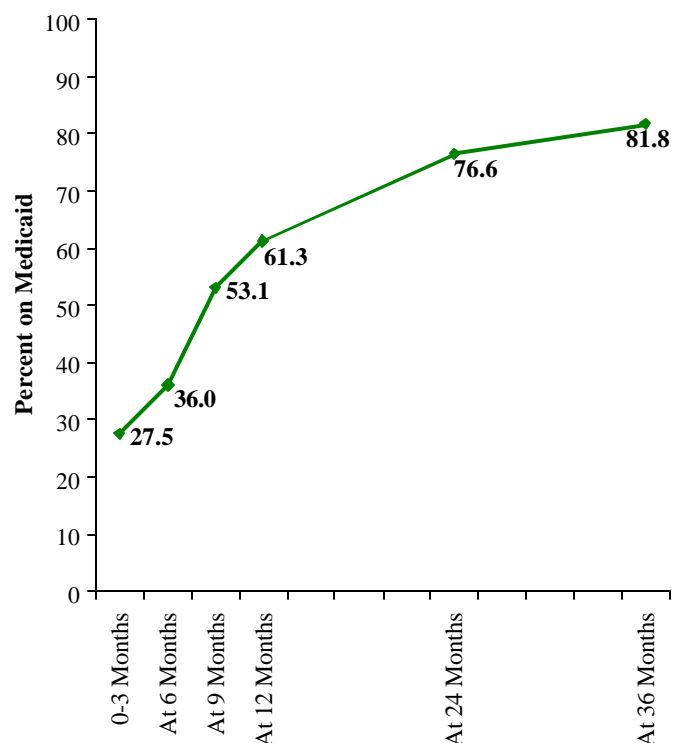


Figure 2
Proportion of Nursing Home Residents Using
Medicaid, Over a Three Year Period (2001-2004)



private payers continue to be residents, compared with 45% of residents with other payment sources. After one year 24% of all individuals admitted as private pay residents remained in the facility. After two years 14% continued to be residents and after three years 8% remained. So even though 64% of those who began as private pay residents are using Medicaid after three years, this represents a very small proportion (5%) of all those who enter facilities as private pay residents. Again, this suggests that while spend down does occur for individuals entering as private payers, it does not seem to be the major contributor to rising nursing home costs under Medicaid.

Because of the important role of Medicaid in the long-term care continuum we present data on how nursing home residents use this source of funding to support their care. Data presented in Figure 2 indicate that Medicaid is an initial source of payment for 28% of all newly admitted residents. By month 9 Medicaid supported more than 53% of all residents, and more than 61% of residents after one year. After two years 77% of all residents were on Medicaid, by year three 82% of residents required Medicaid support. For long stay residents Medicaid has clearly become the primary source of funding.

In examining Medicaid residents' length of stay we see that although this group also experiences the short stay phenomenon, these individuals have longer stays than the

private pay group. For example, after three months 53% of those on Medicaid continue to be residents, after one year one-third remain, and after two years 20% continue to be residents (not shown).

Policy Implications

The field of long-term care continues to experience monumental changes. For many people, the nursing home, which was termed the "Last Home for the Aged" in a landmark book written in the 1970s, increasingly has become a place to receive short-term rehabilitation. In addition to the shift to short-stay care, recent Scripps reports have documented an increase in home care services, both public and private, and an increase in the use of private assisted living residential options. The assisted living and private home care changes are both major factors in the one-third reduction of private pay residents using nursing homes recorded in the past ten years and the continued increase in the proportion of residents paid for by Medicaid (Applebaum, Mehdizadeh, & Straker, 2005). Although there has been an increase in Medicare's share of long-term care expenditures, it is used exclusively to support short-term stays and in some cases becomes the entry point for residents to shift to longer stays funded by Medicaid.

The continued and increasing reliance on Medicaid represents a mounting challenge for Ohio. Although between



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Policy Implications, continued

1993 and 2003, the state has reduced the number of residents using nursing homes each day (from 84,536 to 76,850 respectively, for an overall reduction of 7700 per day in total, and for Medicaid from 55,070 to 50,798 respectively, for an average per day reduction of 4300 individuals) the remaining residents are more disabled, so costs have not been lowered proportionally as a result of the decline in census. This change in daily census has occurred during a period when the state's over age 85 population (a group more likely to use long-term care) increased by more than 37%. Long-term care facilities have also seen an increase in residents under age 65. For example, the proportion of nursing home residents under age 65 more than doubled in the past ten years, increasing from 6.8% in 1994 to 14.1% in 2004 (Mehdizadeh & Applebaum, 2005). Had this trend not occurred, occupancy rates might have declined even more rapidly. The fact that 4,300 fewer residents are supported by Medicaid funds each day suggests that the state has experienced a slower increase in the Medicaid nursing home budget as a result of the changes over the past ten years.

While the state has made progress in changing its approach to delivering long-term care, future pressures on the system will be considerably stronger than even today's challenges. Between now and 2020, the number of severely disabled older people in Ohio is projected to increase by 21% (Mehdizadeh et al., 2004). We have also seen a continued increase in disability rates among the under age 65 population. At the same time we can anticipate that ongoing pressure on the federal Medicare program will result in continued efforts to shift costs to the states. The state, already spending 24% of its entire state budget on Medicaid, is not in a strong position to absorb major increases on the long-term care front (Health Policy Institute of Ohio, 2005). Unfortunately, the solution to Ohio's long-term care challenges is not clear, but what is evident is that a systematic strategy to respond to these issues will be essential if Ohio is to solve this problem in a humane and cost-effective manner. A comprehensive planning effort that recognizes today's problems and tomorrow's challenges and includes the major long-term care stakeholders will be needed if Ohio is going to successfully develop a long-term care system that meets both the needs of the state and its citizens.

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