The LTC System and the Nursing Home Role: Today & Tomorrow

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Percentage of Medicare Enrollees Age 65 and Over with Functional Limitations, by Residential Settings, 2007

- **Traditional community**
  - 3 or more ADL limitations: 60%
  - 1-2 ADL limitations: 18%
  - IADL limitations only: 15%
  - No functional limitations: 7%

- **Community housing with services**
  - 3 or more ADL limitations: 36%
  - 1-2 ADL limitations: 18%
  - IADL limitations only: 32%
  - No functional limitations: 14%

- **Long-term care facility**
  - 3 or more ADL limitations: 67%
  - 1-2 ADL limitations: 16%
  - IADL limitations only: 12%
  - No functional limitations: 5%
Projected Lifetime Long-Term Care Needs for Persons Turning 65 in 2005, by Duration of Need

<table>
<thead>
<tr>
<th>Duration of Need</th>
<th>All Persons</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>31%</td>
<td>42%</td>
<td>29%</td>
</tr>
<tr>
<td>Less than 2 years</td>
<td>29%</td>
<td>29%</td>
<td>29%</td>
</tr>
<tr>
<td>2 to 5 years</td>
<td>20%</td>
<td>17%</td>
<td>11%</td>
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<tr>
<td>5 years or more</td>
<td>20%</td>
<td>11%</td>
<td>26%</td>
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Trends in Percent of Elderly Population Who Are Residents of Nursing Facilities

- 65+ in 1973-74: 3.8, 2004: 3.6
- 65-74 in 1973-74: 1.1, 2004: 0.9
- 75-84 in 1973-74: 5.0, 2004: 3.6
Nursing Home Population

- Latest cross sectional data in 2004
- Comparisons from 1973 to 2004 - continuing decline in nursing home use
- Move towards short-term post-acute care
- Increased use of Medicare home health/home care
- Increased use of private pay assisted living
Changing Nursing Home Population

- Between 2004-2008, proportion of nursing home residents with 3+ ADL limitations increased from 49.8 to 57.7 %
- Increasing number of long-stay residents have both physical and cognitive problems
- Post-Acute and long stay pops very difficult
- Slight increase in % of residents who are black or Hispanic
- Nursing homes relatively segregated, mirroring residential segregation in metro areas
Total Long-Term Care Expenditures for All Age Groups by Source, 2008 ($billions)

- Medicare: $119.0 billion (49%)
- Medicaid: $52.4 billion (22%)
- Out-of-Pocket: $22.3 billion (9%)
- Other Public: $6.2 billion (3%)
- Other Private: $243.4 billion

Source: The Lewin Group (2010)
Medicaid Long-Term Care Spending for Older People and Adults with Physical Disabilities in the United States, 2007 (percent)

- Nursing Homes: 73%
- PCS and other HCBS: 17%
- Age/Disable Waivers: 10%

Source: Houser, Fox-Grage, and Gibson (2009).
Cost of LTC

- In 2010, median annual cost of nursing home care was $67,525 for semi-private; $75,190 for private room
- Median annual cost for assisted living was $38,220
- Comparable estimate for adult day care was $15,600
- 30% of those who turned 65 in 2005 will spend at least $25,000 on LTC over remaining yrs; 16% will spend $100,000 +
Medicare Post-Acute

- Financed 16% of nursing home care in 2008
- Pays for first 20 days + part of up to another 80 days following 3-day hospital stay
- From 1999 to 2007, Medicare nursing facility users increased by 32%
- Increased from 23% of all public nursing home spending in 1999 to 32% in 2007
Nursing Home Stats (2010)

- 15,622 nationwide, 394 in Wisconsin
- Primary payer
  - 63% Medicaid / 14% Medicare in U.S.
  - 59% Medicaid / 14% Medicare in Wisconsin
  - More private pay in Wisconsin
- Ownership
  - 68% for profit / 26 % non-profit in U.S.
  - 52% for profit / 34% non-profit in Wisconsin
  - Greater proportion non-profit and government
- Occupancy rates
  - US – 83.3%
  - Wisconsin – 83.9%
  - Oregon - 61.6%
  - South Dakota – 94.4%
Dual Eligible Population

- Medicare /Medicaid – 9 million people
- Large % of Medicaid spending on LTC in 2007
  - 70% in U.S., 67% in Wisconsin
- Potentially avoidable hospitalization rates highest in skilled nursing facilities (16.4% of residents had PAH)
Wisconsin's Over Age 85 Population
2005-2030 Projections (% Increase)

Source: DOA Population Projections for WI Counties by Age, 2010
Competition for Wisconsin Caregivers: 2005-2030
20-64 Worker Pool to 65+ Seniors Ratios

<table>
<thead>
<tr>
<th>Year</th>
<th>Ratio</th>
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<tbody>
<tr>
<td>2005</td>
<td>4.62</td>
</tr>
<tr>
<td>2010</td>
<td>4.54</td>
</tr>
<tr>
<td>2015</td>
<td>4.06</td>
</tr>
<tr>
<td>2020</td>
<td>3.46</td>
</tr>
<tr>
<td>2025</td>
<td>2.93</td>
</tr>
<tr>
<td>2030</td>
<td>2.59</td>
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AL vs. LTC
Trend in capacity for Residents

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Medicaid Nursing Home Fee-for-Service Residents 2006-2011
TOTAL NURSING FACILITY RESIDENTS PER 1,000 RESIDENTS AGE 65 OR OLDER, JUNE 30, 2009

Sources:
U.S. Census Bureau “Annual Estimates of the Resident Population by Single-Year of Age and Sex for the United States and States: April 1, 2000 to July 1, 2009” June 2010
CMS, MDS 2.0 Active Resident Information Report for Second Quarter of 2009
In general, nursing home buildings are old with an average age of 31.3 years and therefore do not incorporate modern design elements that are cost-efficient and person centered.
Nurse Aide Wages and Turnover

Fringes
Nursing Hrs Paid (est)
Low Cost Homes (For-profits)
Moderate Cost Homes (Non-profits)
High Cost Homes (County)

$12.37/hr
19.6%
3.86
Low Cost Homes (For-profits)

$13.01/hr
23.4%
4.4
Moderate Cost Homes (Non-profits)

$13.80/hr
47.8%
4.69
High Cost Homes (County)

Source: DHS, Nursing Homes, Consumer Information Report, 2010 and 2010 MA Cost Reports
The Transformation of Nursing Homes Continues

- Rightsizing
- Specialized Care
- Higher Acuity and Challenging Behaviors
- Shorter Lengths of Stay/Respite Services
- Private Rooms & New Environments
The Green House Concept

- Small, intentional elder communities
- Model alters facility size, interior design, staffing patterns & skilled care delivery
- De-institutionalizes long-term care
- Residences design for 6-10 Elders
- More private, home-like environment
- No rigid, institutional schedules
- Cost-effective, “green” & comfortable
- Promotes elder choices in food, activities, etc.
Culture Change Leaders

- Improved Market Share
- Higher Occupancy
- Improved Operational Costs
- Improved Staff Retention and Reduced Turnover/Absenteeism
- No Pool/Agency staff

- Meals & Menus/Experience
- Social Plans/Activities
- First-Person Care Plans
- Households/Neighborhoods
- No Nurse’s Station
- Consistent Assignments

Source: Commonwealth Fund, National Survey of Nursing Homes 2007
Nursing Homes’ Contributions to Wisconsin Economy & Employment

- Wisconsin’s nursing homes:
  - Spend almost $2.8 billion on payroll and goods and services in the state
  - Account for over $5.0 billion in economy activity within the state
  - Payout $1.7 billion in wages, salaries and benefits
  - Employ 49,000 FTE workers and create another 49,000 support jobs
  - Generate over $330 million in state income, sales, and property taxes.

www.wahsa.org/northstr.pdf
Changing Delivery System

- Accountable Care Organizations (ACOs)
- Health Care Bundling
- PACE/Partnership Expansion
- Incentives/Disincentives Payment Systems (rehospitalizations)
- Care Transition Pilots
- Medical Homes
- Virtual PACE Pilots
- Family Care Integrated Payment Options
- Self-Directed Care Options
- “Never Events”/Other Payment Options
ACO Rationale: Current Care Continuum = Fragmented and Silo-ed
Repositioned Business Model

- Community Connections
- Housing Options
- Assisted Living Options
- Skilled Care Options
- Medical Care

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Emerging Technologies

- Assistance call system
- Cognitive aids
- Communication devices
- Electronic health records
- Medicine management
- Mobility aids
- Personal monitoring
- Personal assistance
- Smart home systems
- Telemedicine
- Wander Management

The LeadingAge Center for Aging Services Technologies (CAST) is leading the charge to expedite the development, evaluation and adoption of emerging technologies that can improve the aging experience. CAST has become an international coalition of more than 400 technology companies, aging services organizations, research universities, and government representatives.

Source: www.leadingage.org/CAST.aspx
Future Directions

- Managed Care Options
- Incentives/Pay-for-Performance/Measurable Outcomes
- Managing Publicly-Funded Clients (#s & Cost) & Overall Budget
- EHR Investments
- Collaboration with acute & primary care providers, government and private payers, and home & community based service sectors
- Consumer Focus: Culture/Expectations/Setting/Satisfaction
- Community and Organizational assessments and strategies—“Bigger is Better,” vs. “Know thy Niche”
- Technology
- Offer what people want, not what government pays for…
The motion has been made and seconded that we stick our heads in the sand.