

Appendix III

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COUNTY NURSING FACILITIES IN NEW YORK STATE CURRENT STATUS, CHALLENGES AND OPPORTUNITIES

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SUMMARY

County nursing homes have provided valuable services to residents throughout New York for many years. County homes have many significant strengths and attributes. They have a unique mission, and have provided needed long-term care services to many county residents who in all likelihood would not have been served by other proprietary or voluntary homes. County nursing facilities provide just over 10% of all nursing home beds in the state, and 14% of all non-NYC beds—and a much higher proportion of care for those considered hard to place and often with limited ability to pay for their services. County homes have also been an important contributor to the local economy in many counties. Nonetheless, county homes throughout the state are increasingly vulnerable.

Their future, individually and collectively, is jeopardized by increasing operating losses, reimbursement levels that fail to cover operating costs, declining intergovernmental transfer payments, and the need for increasing county subsidies.

County nursing homes consistently operate as a safety net, admitting residents that other facilities are reluctant or unwilling to admit—behaviorals, bariatric patients, those with Alzheimer’s disease, adult protective cases, crisis admissions, etc.—regardless of their ability to pay. Examples of the extent to which county homes serve disproportionate numbers of “safety net, hard-to-place” residents include:

- ❖ Proprietary and voluntary facilities have cornered disproportionate shares of the market on relatively lucrative short-term sub-acute and rehabilitation residents. More than 55% of all discharges from voluntary and proprietary homes have short-term stays of 30 days or less, compared to 43% of those from county facilities. County home residents are twice as likely to stay three years or more, typically with reimbursement levels well below actual costs of services.
- ❖ County homes admit smaller proportions of residents from hospitals than do other types of homes, with resulting lower reimbursement levels.
- ❖ More than two to three times more new admissions to county homes enter on Medicaid from day one than is true in other types of homes, thus representing a revenue loss of well over \$20 per day, compared to actual costs, for their entire stay in the facility.
- ❖ County homes are much more likely to serve higher proportions of younger residents requiring more staff time to address behavioral issues.
- ❖ County homes serve higher proportions of bariatric and “behavioral-problem” residents, at higher costs and staff time, and less reimbursement, than do proprietary or voluntary homes.
- ❖ The majority of county homes indicate that between a quarter and a half of all residents have low clinical complexity but high behavioral demands, adding to demands on staff and costs, with insufficient offsetting revenues.
- ❖ There is an increasing gap between typical county homes and other types of nursing facilities in the case-mix index, with lower resulting reimbursement and higher staff needs.
- ❖ The typical county home estimates that between 75 and 100 current residents (about 20% to 25% of all residents) would not be served by other nursing homes if the county home were to close.

Many of those served by county nursing homes receive reimbursement levels far below the actual costs of the services provided and the staff attention needed. The value of the county homes is typically recognized and appreciated by county officials, but the state and federal funding to cover their unique contributions has been dwindling, leaving it to counties to increasingly subsidize their homes, often at millions of local taxpayer dollars per year.

Key Challenges Facing County Nursing Homes

Because of their unique mission to provide high-quality services to those that voluntary and proprietary homes are less likely or unwilling to serve, county facilities face a number of challenges not faced, or faced to lesser degrees, by their competitors, including:

- ❖ Fewer lucrative admissions from hospitals, including sub-acute care and rehabilitation patients;
- ❖ Disproportionate Medicaid admissions, for which county homes lose money from day one;
- ❖ Disproportionate total resident days paid for by Medicaid, compared to Medicare and private pay, both of which are more lucrative and pay more of the bills at voluntary and proprietary facilities;
- ❖ Demographic profile of residents with disproportionately high behavioral demands and need for staff attention, but with insufficient reimbursement to cover the staff costs;
- ❖ Low case mix index compared to other types of homes;
- ❖ Rising staff costs, especially in benefits, mostly attributable to mandated increased pension/retirement costs passed on from the state to counties, and to increased health insurance costs;
- ❖ Limited county nursing home role in labor negotiations which directly affect their budgets and operations;

- ❖ Aging facilities;
- ❖ Increasing operating losses per bed;
- ❖ Rapid decline in IGT payments designed to compensate for unique costs and mission of county homes;
- ❖ Resulting increases in need for county taxpayer support of county homes.

Strategies for the Future

A number of separate strategies or alternatives are available for consideration and action by county nursing homes and county officials. These are arrayed along a “degree of change” continuum and are available to counties depending upon their unique needs and circumstances.

As financial challenges increase, county homes are increasingly being forced to recognize the possibility that their future, individually and collectively, is at stake. In that context, it is important for county homes—and ultimately their oversight county governments and the state—to consider options available to them, and to plan strategically for their future.

The options that make most sense will vary from home to home and county to county, given circumstances unique to each. In addition, the viability of—and potential need for—various options will be determined to a great extent by funding and policy decisions made at the state and federal levels. But as those federal and state decisions are being made, counties can begin to determine for themselves which of various options would be logical and reasonable to consider under their distinct circumstances, and which should be discarded as untenable for various reasons.

As part of the consideration of options, county home administrators and county officials need to carefully consider the likely consequences of the possibility of closing their homes. In

most cases, best estimates are that between 20% and 25% of all current residents would be in jeopardy of loss of needed care, i.e., would not be served by other nursing homes, if the county facility were to close. There is even greater concern about who would provide the safety net function in the future for “undesirable” candidates for nursing home admission.

Recent state legislation offers the promise of a reimbursement mechanism and funding stream with the potential to meet the unique needs and mission of county nursing homes, reduce the need for excessive county taxpayer subsidies, and enable county homes and their governing counties to more effectively budget and plan for the future. It will be important to ensure that this legislation, currently beginning to be phased in, is fully implemented over the next few years.

Recommendations

The report concludes with several recommendations to the state and individual counties, including:

- ❖ The state should undertake a comprehensive review of the future role of county nursing homes. The current state legislation, expanding state payments to county homes to support their unique mission and implementing a new reimbursement methodology, should be fully implemented. The state should also sponsor a study of the impact of what happens when county nursing homes close or sell their facility to another nursing home. It should also work with the federal government to promote removing restrictions against public nursing homes offering assisted living programs, and work with counties to provide incentives to help make it feasible to establish expanded lower-level long-term care non-institutional services. The state and County Nursing Facilities of New York should also collaborate to assess the strengths, limitations and related implications of a Community Benefit Corporation concept.

- ❖ Counties and their nursing homes should actively explore the various options along the “degree of change” continuum to determine approaches appropriate for their distinct circumstances. Counties should place more focus where appropriate on opportunities to expand the numbers of non-institutional long-term care beds and program slots. County homes should more aggressively market their services and their mission to the public and to discharge planners in local hospitals. Nursing home administrators should be more routinely involved in contract negotiations in which decisions are made that affect the home’s budget and future operations. And CNFNY and the counties should build on and expand current efforts to develop effective means of sharing experiences, rationale and decisions concerning acceptance or rejection of various strategies for the future.

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