



The Future of County-Owned Nursing Homes in New York State

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About the Study

- ▶ Yearlong, statewide study focused on 33 counties with nursing homes, 4 counties that sold homes and 2 counties that closed homes in recent years
- ▶ Conclusions based on analysis of:
 - ▶ statewide datasets,
 - ▶ case studies of county homes previously sold or closed,
 - ▶ surveys of county officials and nursing home administrators, and
 - ▶ interviews with stakeholders and industry experts.

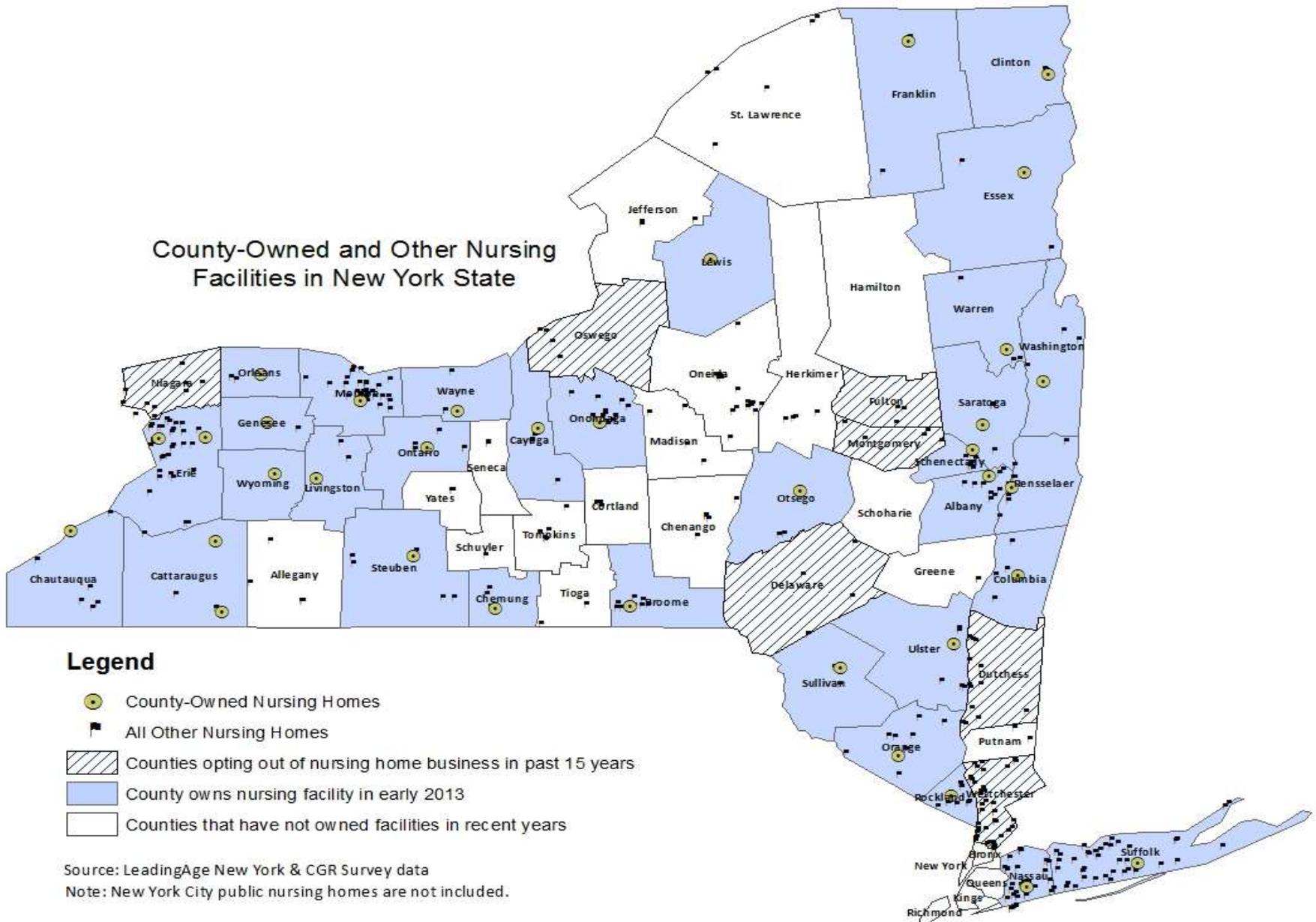
Author: CGR

Funder: The New York State Health Foundation

Data partner: LeadingAge New York

Advisor: County Nursing Facilities of New York

County-Owned and Other Nursing Facilities in New York State



Legend

-  County-Owned Nursing Homes
-  All Other Nursing Homes
-  Counties opting out of nursing home business in past 15 years
-  County owns nursing facility in early 2013
-  Counties that have not owned facilities in recent years

Source: LeadingAge New York & CGR Survey data

Note: New York City public nursing homes are not included.

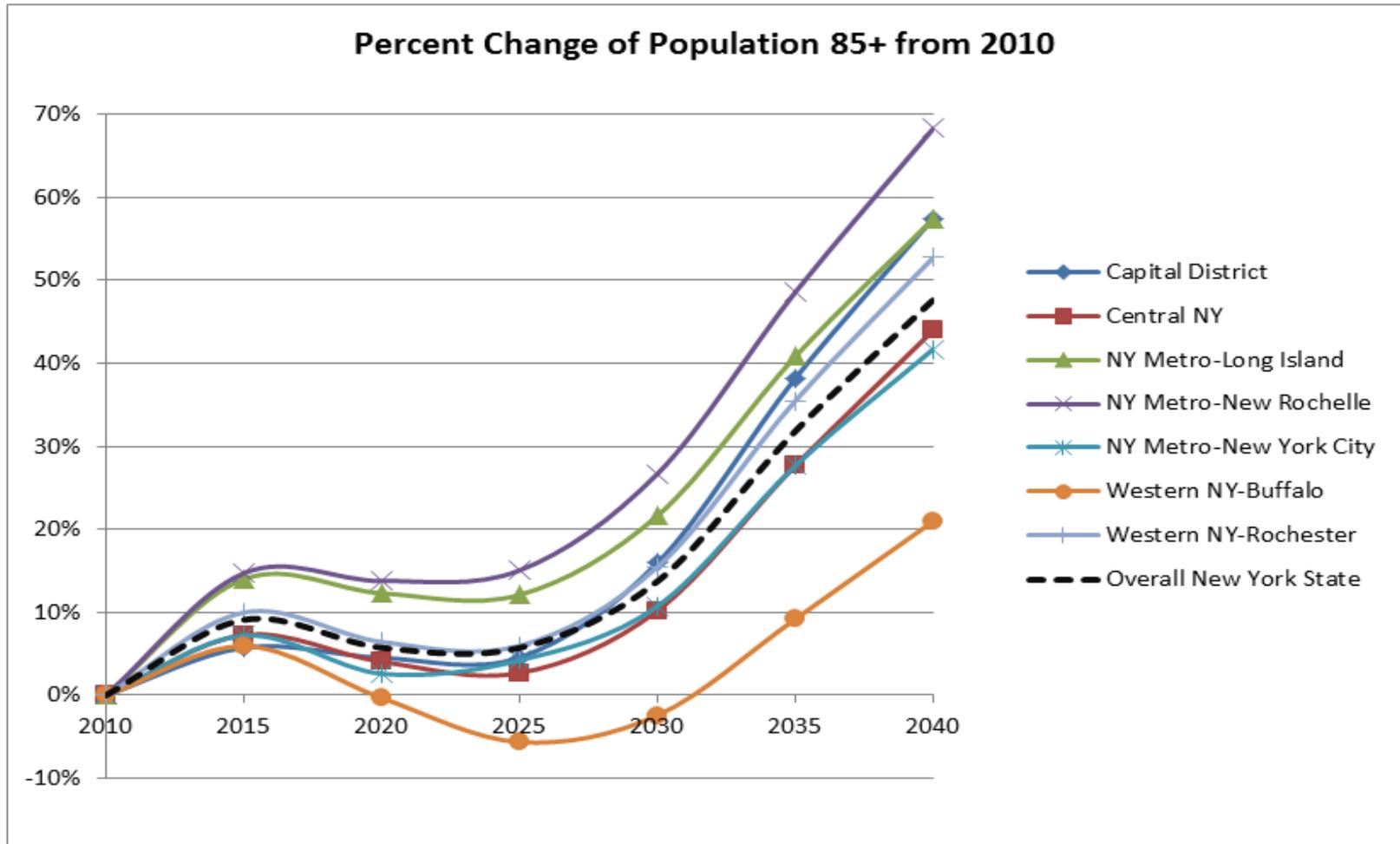
Assessment of the Status of the County Nursing Home		
Status Option	% of County Leaders (N=26)	% of Home Administrators (N=32)
Decision has been made to sell the facility	31%	25%
Decision has been made to close the facility	0%	0%
Decision to sell under active consideration	16%	16%
Decision to close under active consideration	0%	3%
Uncertain; discussions are ongoing	23%	25%
No active consideration of sale or closure; continue as county home for foreseeable future	31%	31%

Source: CGR County Leader and County Nursing Home Administrator surveys conducted first quarter of 2013

Environmental Factors Impact County Homes

- ▶ Most counties in NYS have no (or incomplete) comprehensive long-term-care plans.
- ▶ Rising employee benefit costs are fueled by health insurance/pension costs that are the result of bargaining agreements made over many years.
- ▶ Uncertainty about state/federal revenues is a huge concern.
- ▶ NYS property tax cap pressures counties to cut costs.
- ▶ County government barriers hamper efficient home operation.

NY's Population is Getting Older and Living Longer



Source: Program on Applied Demographics, Cornell University

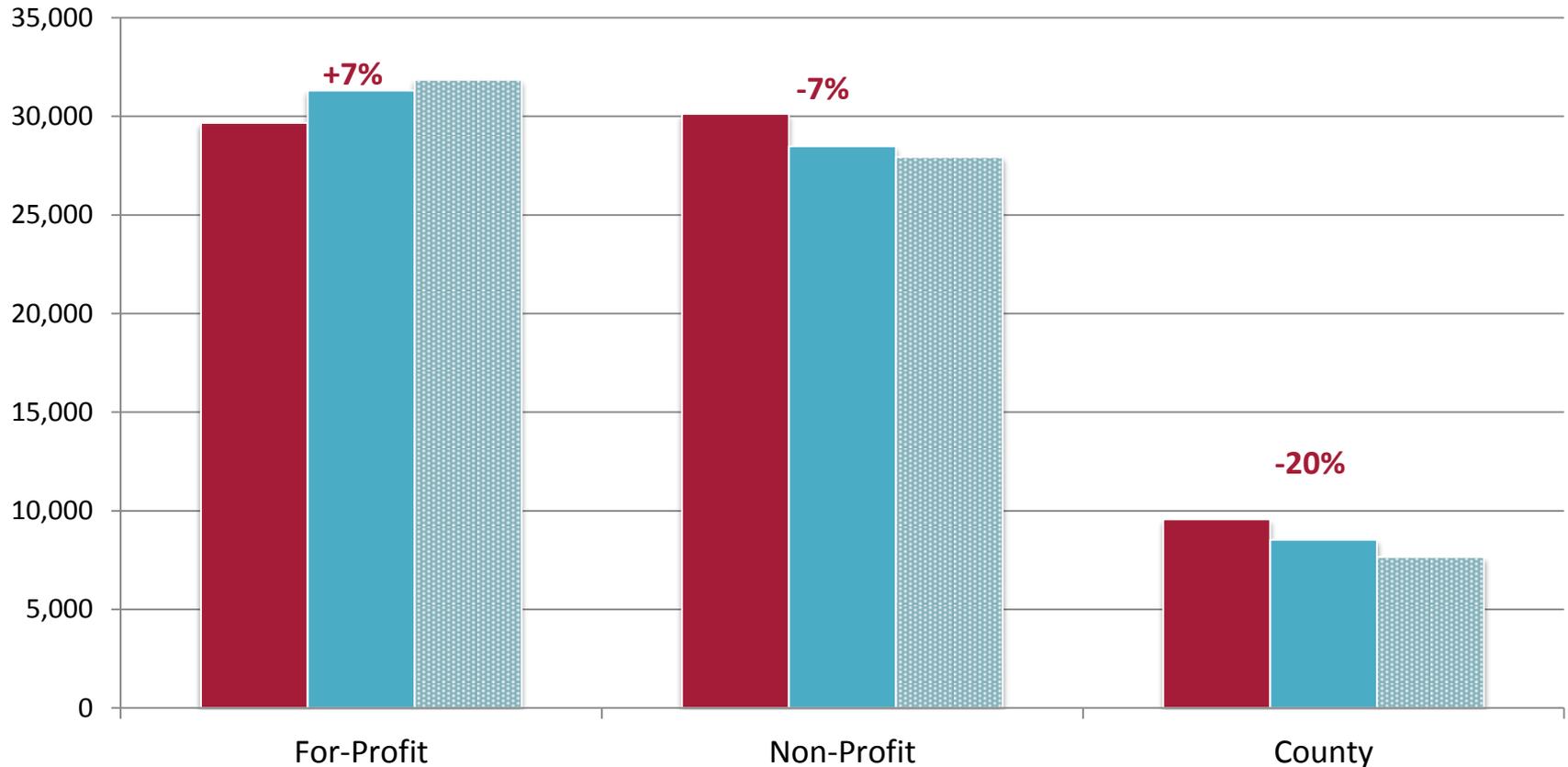


Financial Challenges

A “perfect storm” of declining reimbursement rates, uncertainty about the future of various revenue sources, and skyrocketing employee benefit costs make many county homes vulnerable.

County Homes Serve Declining Number of Residents

Number of Residents by Facility Type



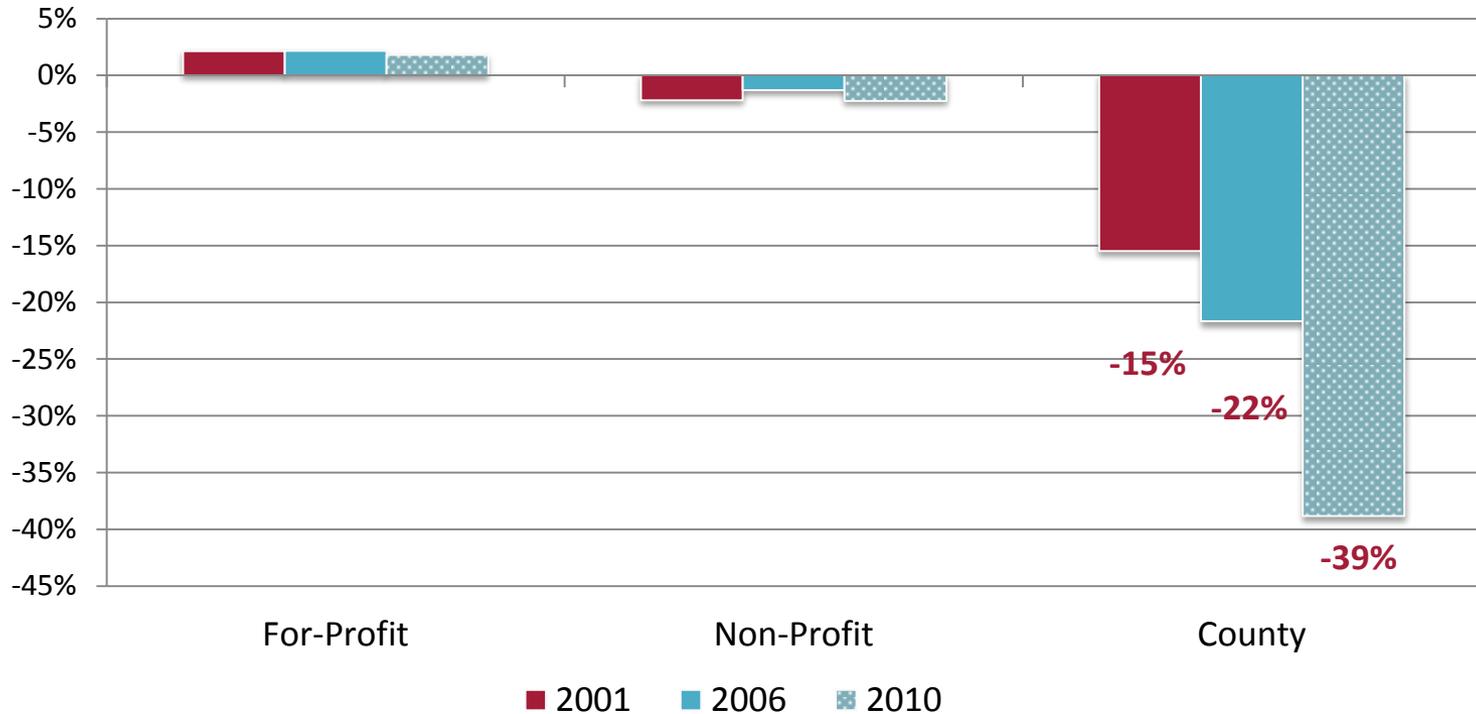
Source: NYS DOH Minimum Data Set (MDS 2.0) organized by LeadingAge New York

■ 2001 ■ 2006 ■ 2010

Most County Homes Are Losing Money

- ▶ 92% of county homes sustained operating losses in 2010.

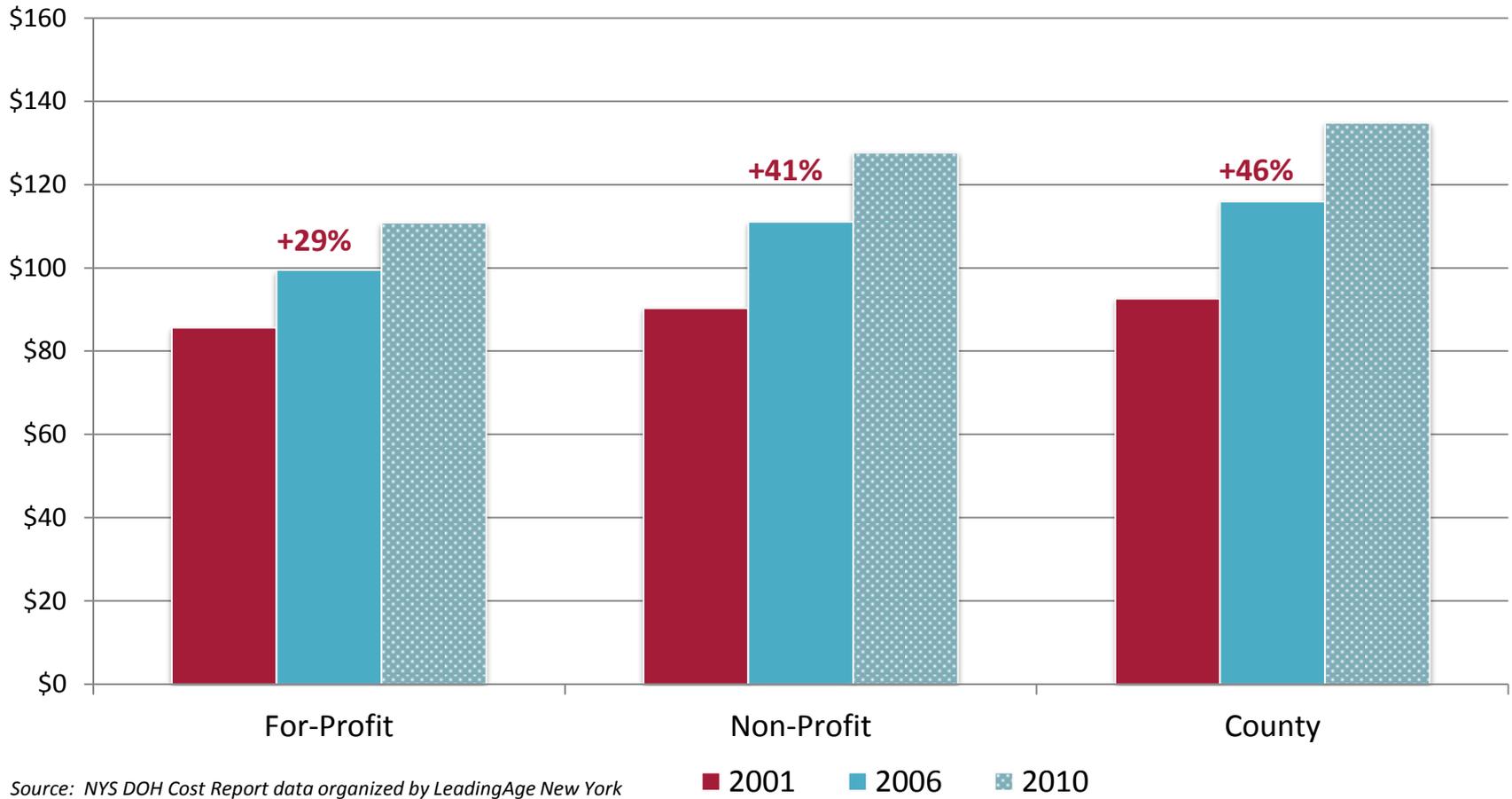
Median Operating Margin by Facility Type



Source: NYS DOH Cost Report data organized by LeadingAge New York

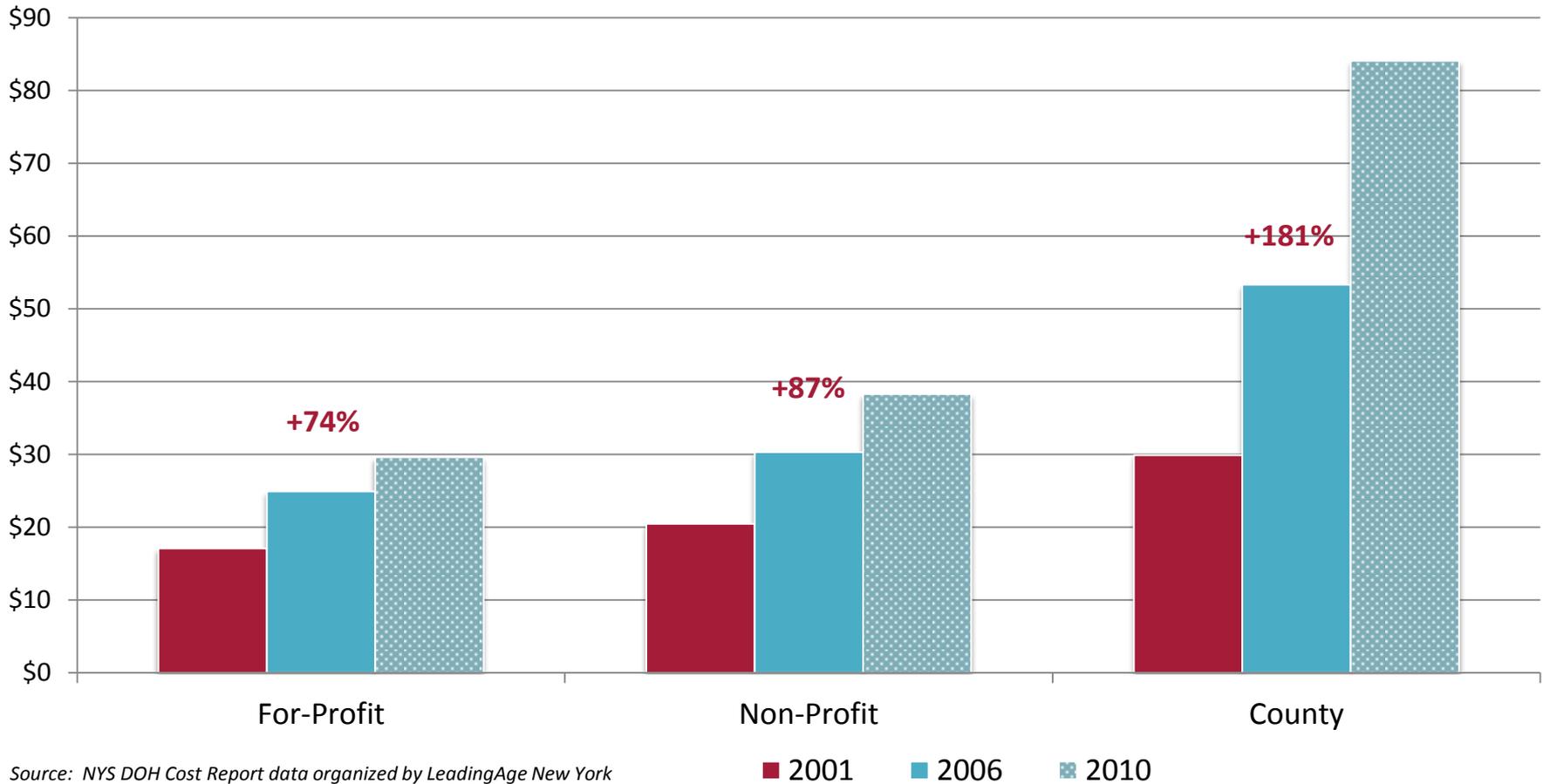
County Homes Pay Higher Wages

Median Wage Per Resident Day, by Facility Type



County Home Employee Benefits Have Ballooned

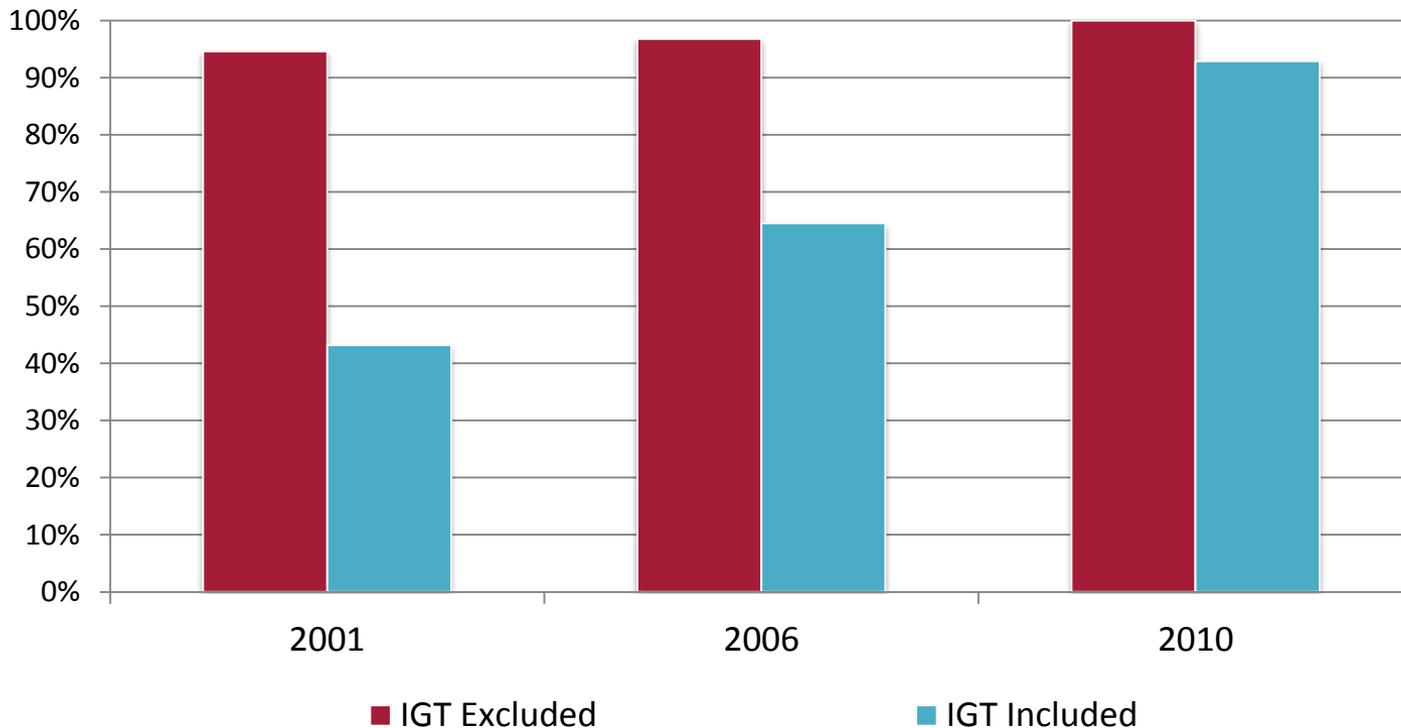
Median Employee Benefits Per Resident Day



Source: NYS DOH Cost Report data organized by LeadingAge New York

IGT Payments No Longer Make Up for Losses in Most Counties

Proportion of County Homes with Negative Operating and Total Margins by Year



Source: NYS DOH Cost Report data organized by LeadingAge New York

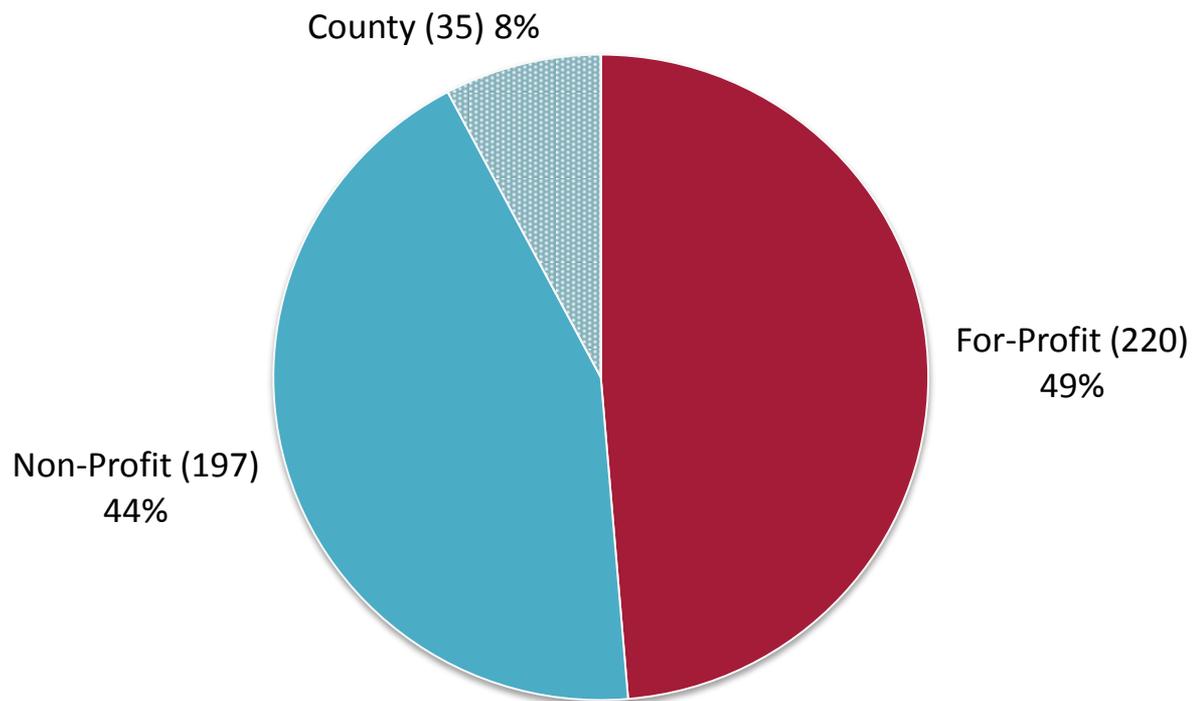


What Makes County-Owned Homes Unique?

County-owned nursing homes occupy a specific, though dwindling, niche in the nursing home industry.

County Homes Make Up Small Share of Total

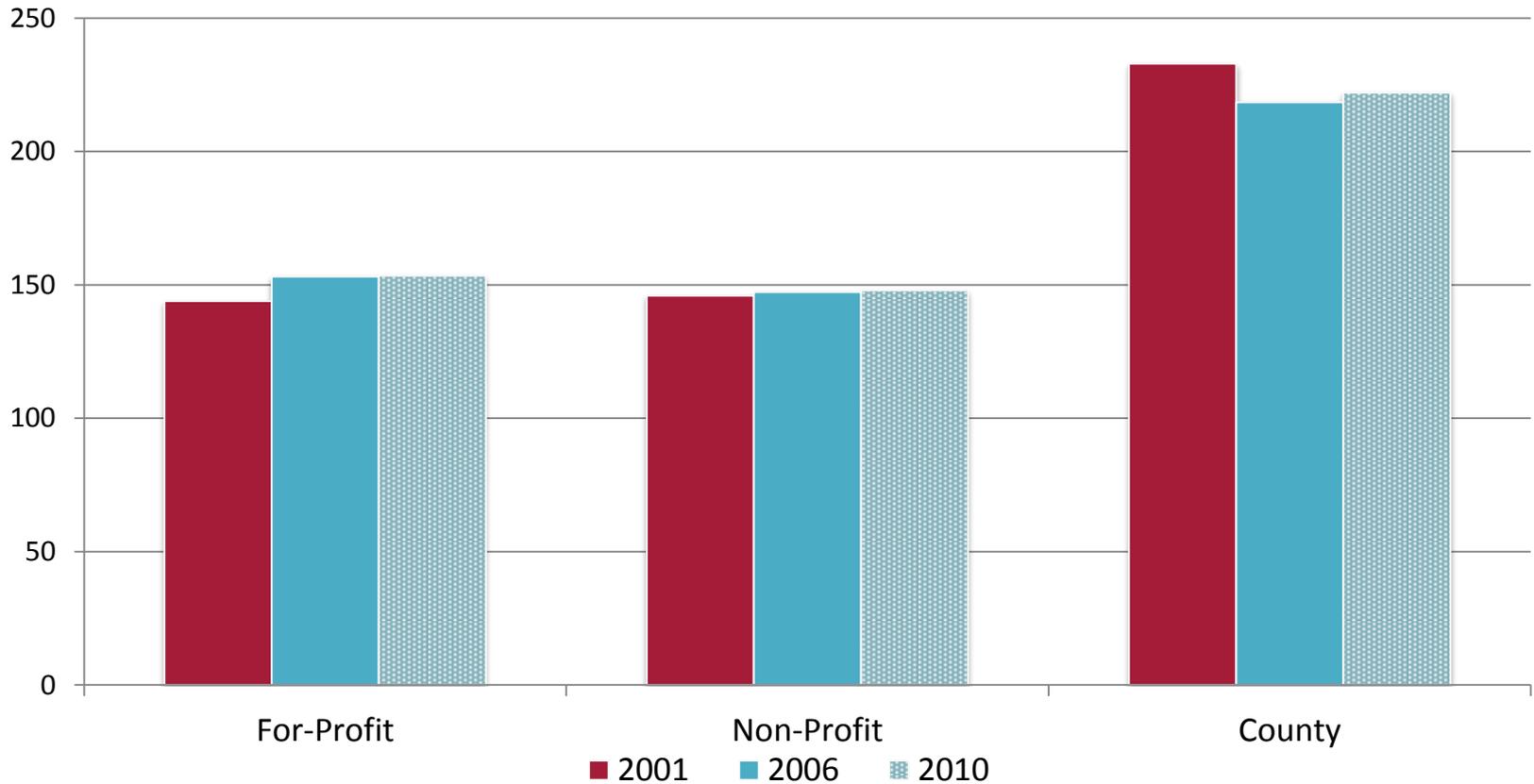
Number and Proportion of Facilities by Type



Source: NYS DOH Minimum Data Set (MDS 2.0) organized by LeadingAge New York

County Homes Have More Beds per Facility

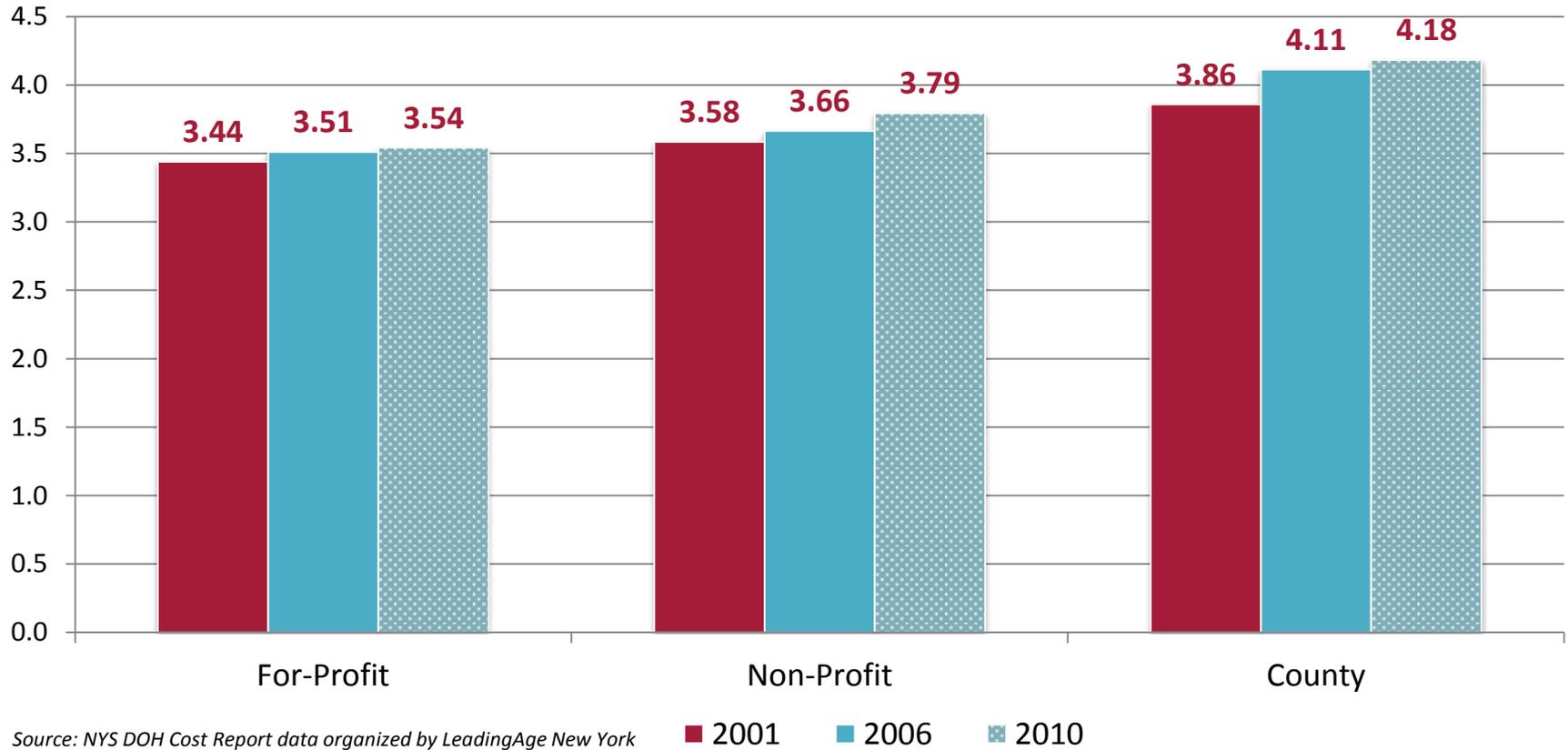
Average Number of Certified Beds by Facility Type



Source: NYS DOH Minimum Data Set (MDS 2.0) organized by LeadingAge New York

County Homes Have More Paid Nursing Staff Hours

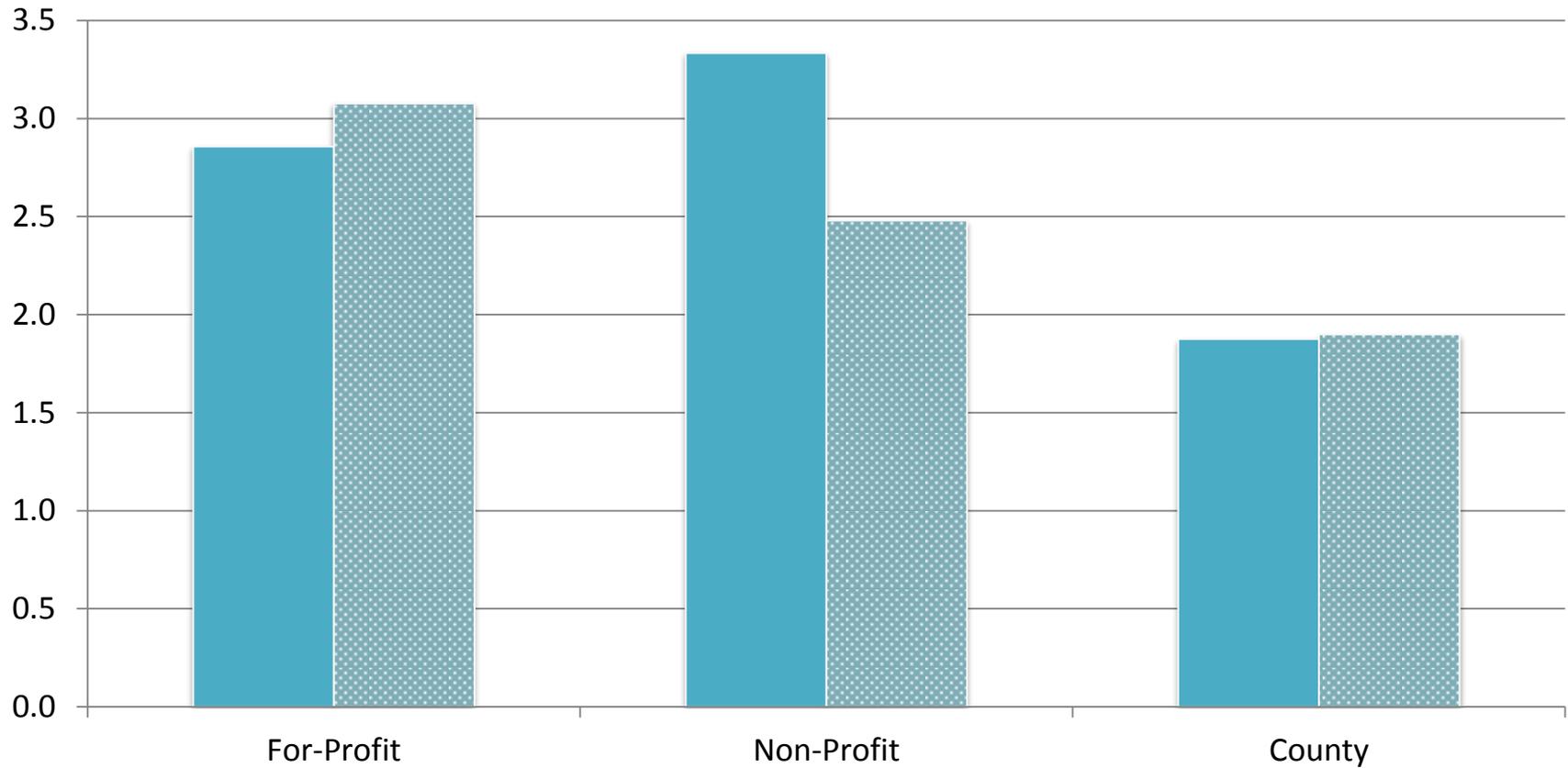
Total Nursing Staff Hours (RN, LPN, Aide) Paid per Resident Day, by Facility Type



Source: NYS DOH Cost Report data organized by LeadingAge New York

County Homes Cited for Fewer Deficiencies by NY

Median Deficiencies per 100 Beds Surveyed by Facility Type

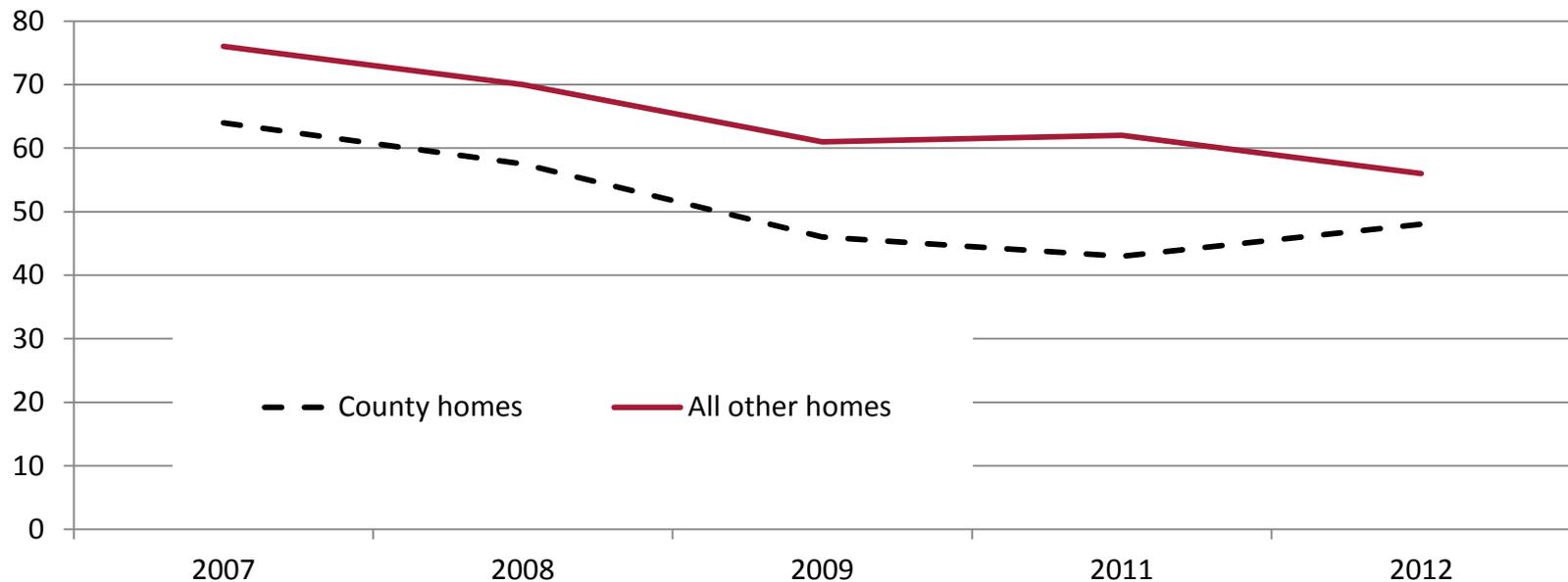


Source: CMS OSCAR Database organized by LeadingAge New York

■ 2006 ■ 2010

However, County Homes Rank Slightly Below Other Homes in NYS on Quality Rankings

**Median National Quality Ranking for NYS
Nursing Homes**



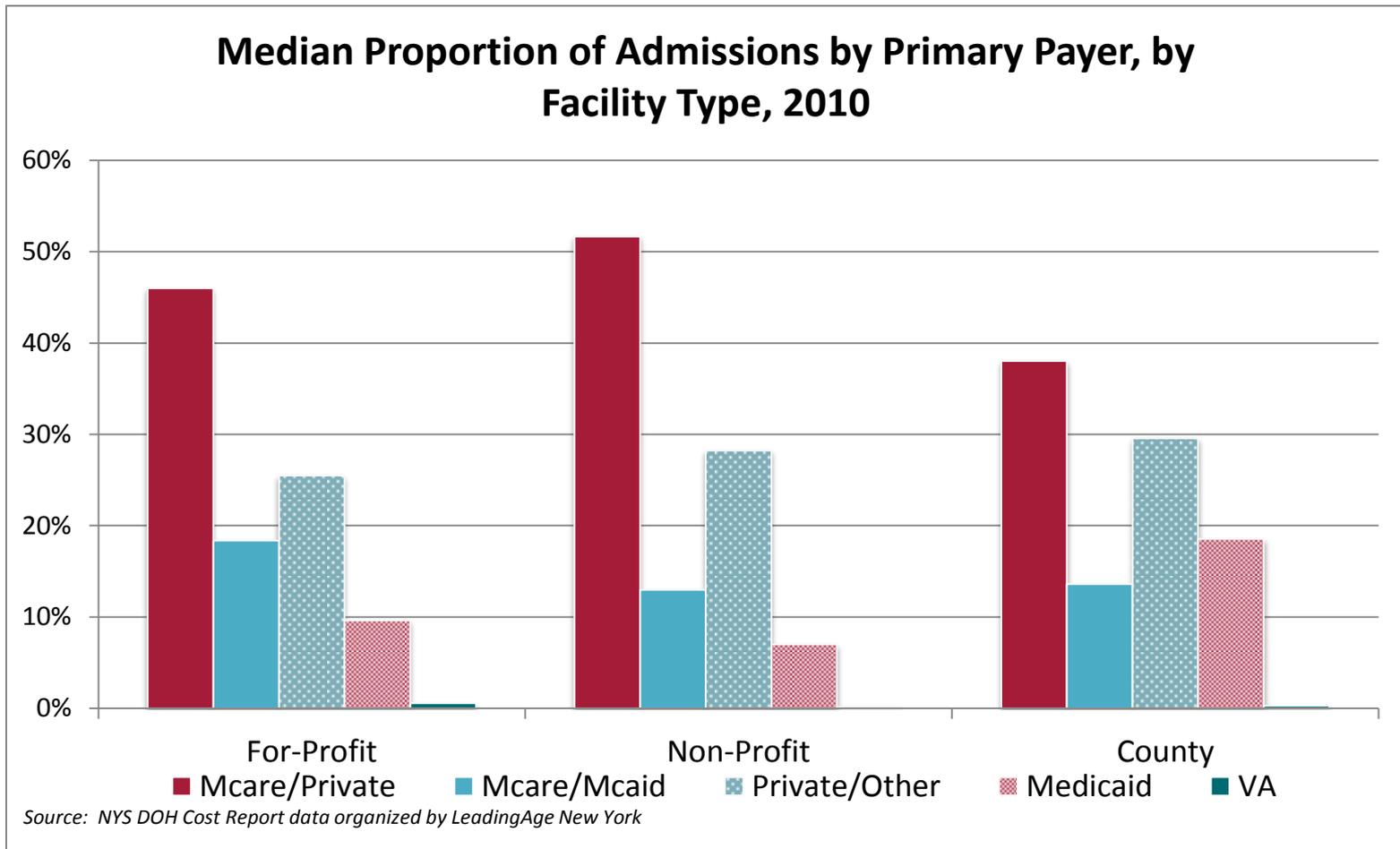
Source: HealthInsight, National Nursing Home Rankings
Note: 2010 data were not available due to a change in data systems.



Whom Do County Homes Serve?

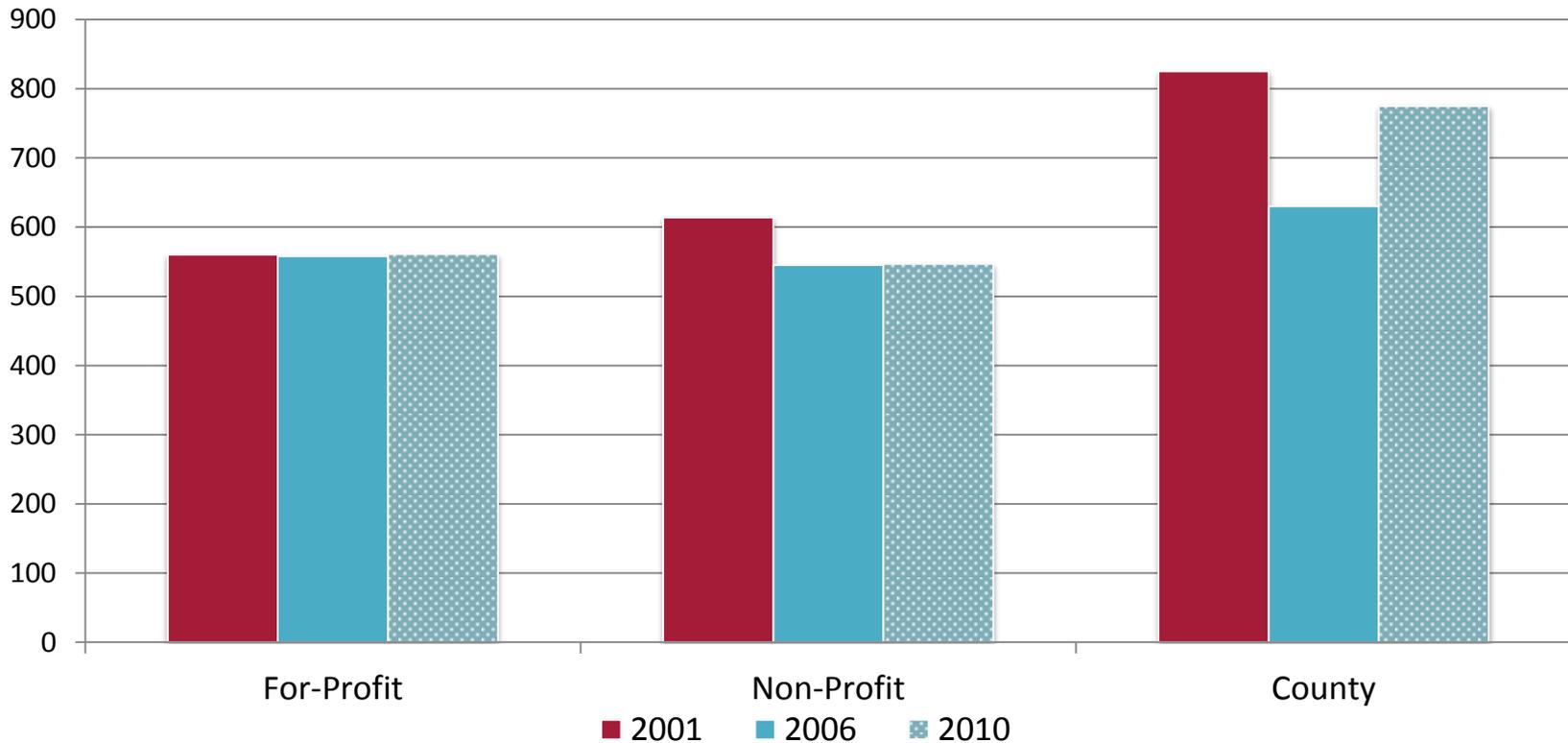
County homes serve younger residents for longer periods of time, and admit higher percentages of Medicaid-only residents and “hard to place” residents than for-profit and non-profit homes.

County Homes Admit More Residents on Medicaid



Residents Stay in County Homes Longer

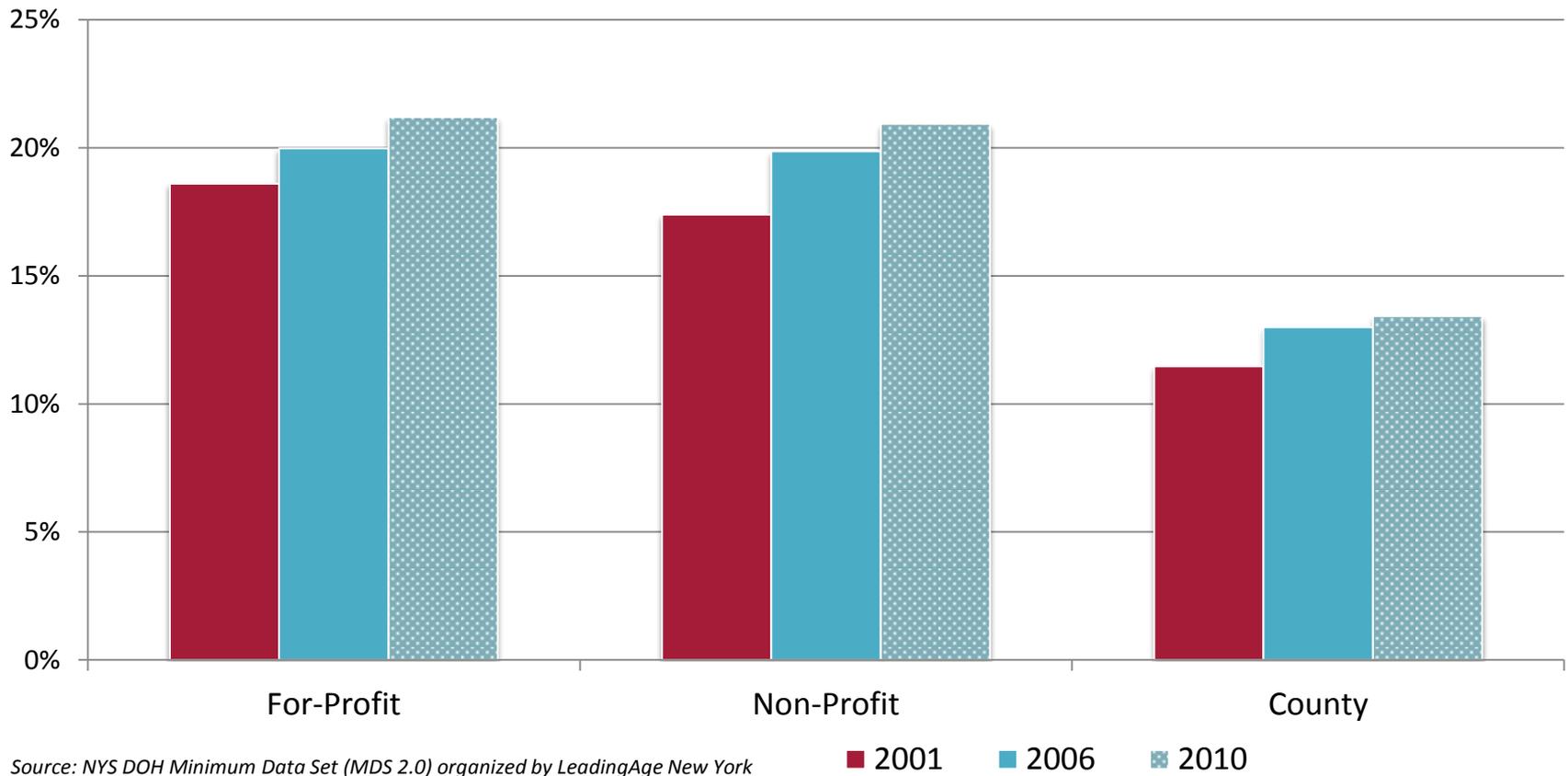
Median Length of Stay (in Days) by Facility Type



Source: NYS DOH Minimum Data Set (MDS 2.0) organized by LeadingAge New York

County Homes Serve Fewer Short-Term Stay Residents

Percent of Short-Term Stay Residents (100 Days or Less) by Facility Type



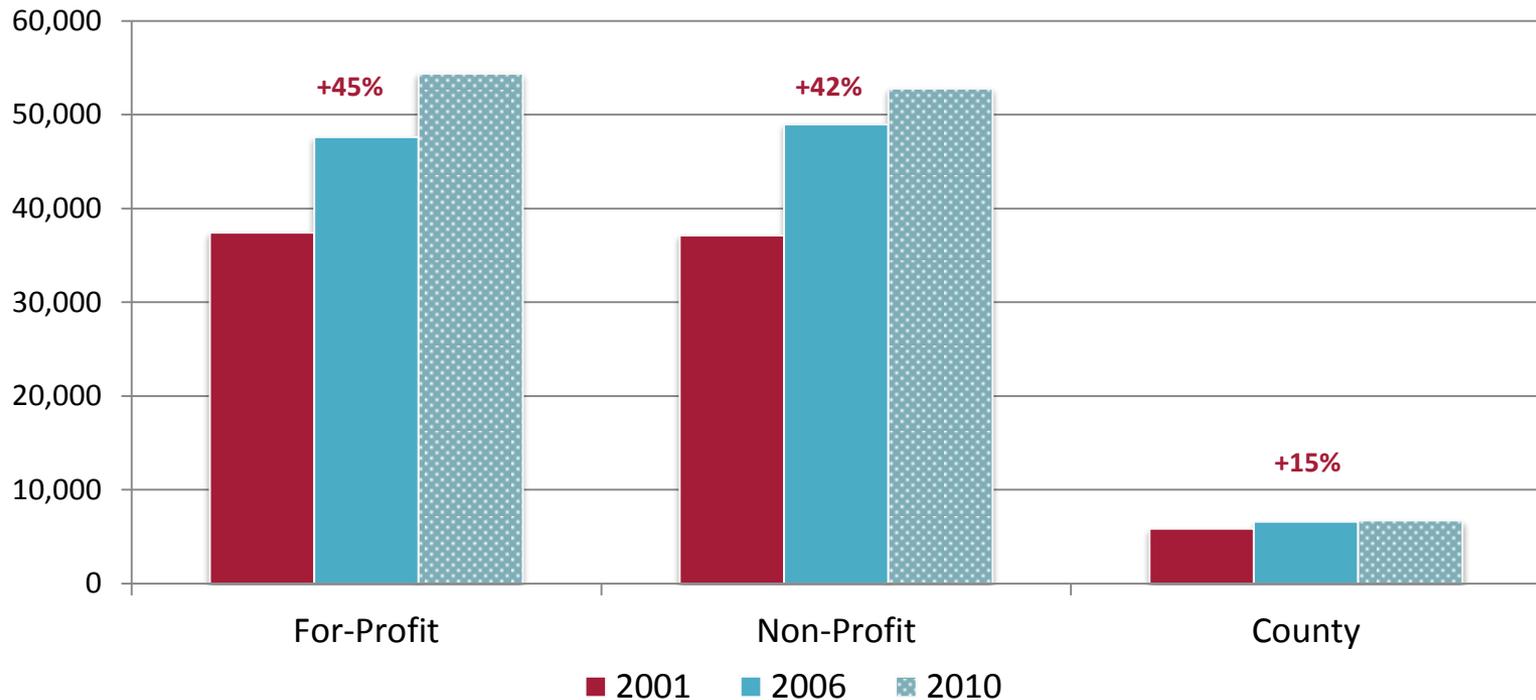
Source: NYS DOH Minimum Data Set (MDS 2.0) organized by LeadingAge New York

County Homes Play Special Role in Community

- ▶ County homes serve higher proportions of younger residents (age 65 and under) and lower proportions of older residents (age 91 and over).
- ▶ County homes serve primarily county residents.
- ▶ County homes admit residents with Alzheimer's or dementia at slightly higher rates than for-profit and non-profit homes.
- ▶ County homes serve residents with low clinical complexity but high behavioral demands.

Lower Increase in Admissions to County Homes

New Admissions per Year by Facility Type



Source: NYS DOH Minimum Data Set (MDS 2.0) organized by LeadingAge New York

Note: CGR calculated 2010 full-year projections based on actual data for first 9 months of the year



Impact of Sales of County Homes on Residents and the Broader Community

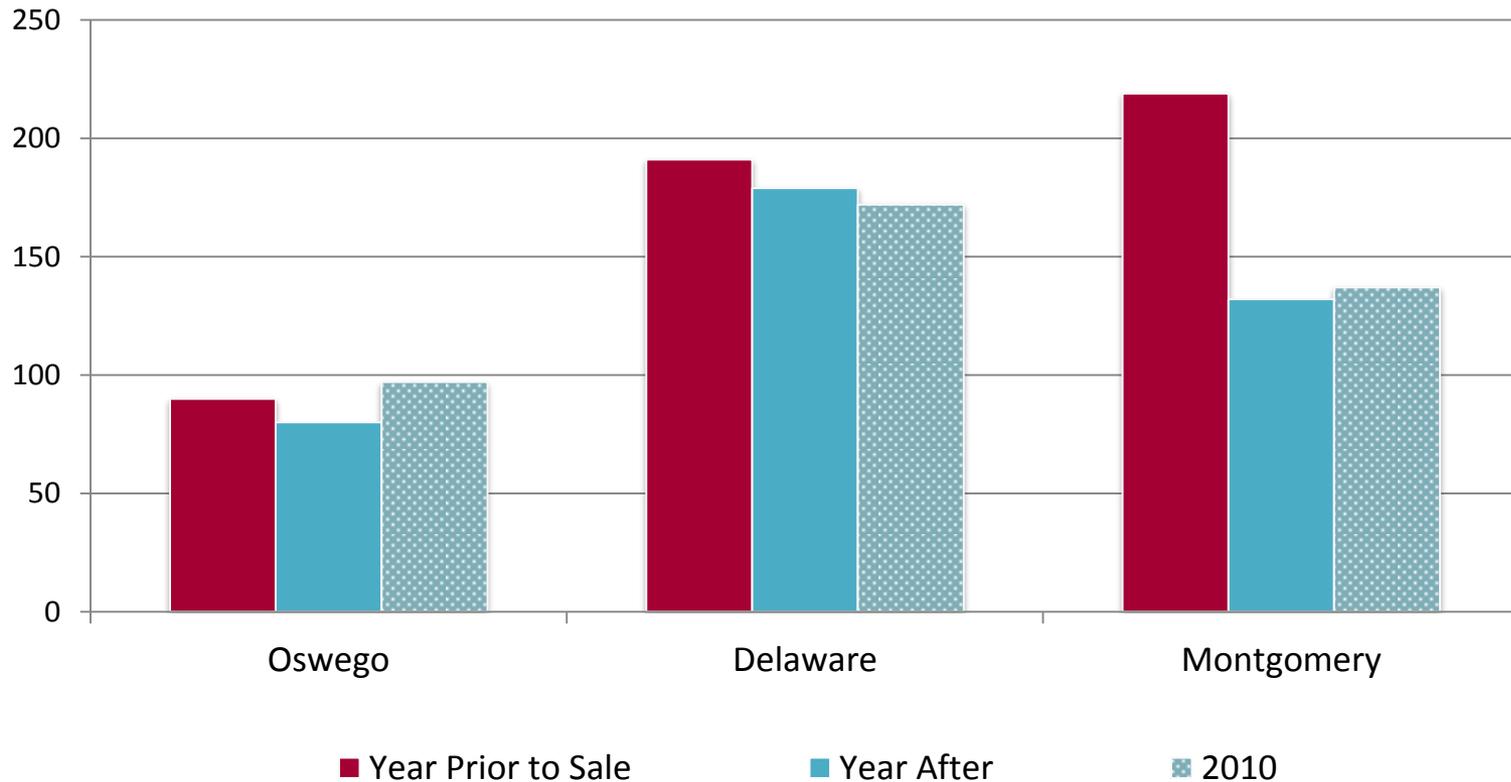
Since 2005, four counties have sold their homes and two have closed their homes—with mixed results.

Counties that Sold Homes, at a Glance

County	Year of Transition	Subsidy in Prior Year	Beds	Sale Price	Price per Bed
Oswego	2005	\$.4 M	89	\$.8 M	\$9,000
Delaware	2006	\$3.3 M	199	\$2.5 M	\$12,600
Montgomery	2007	\$2.7 M	120	\$.86 M	\$7,200
Fulton	2012	\$2-3 M	176	\$3.5 M	\$19,900

Declines in FTEs Post-Sale in 2 Counties

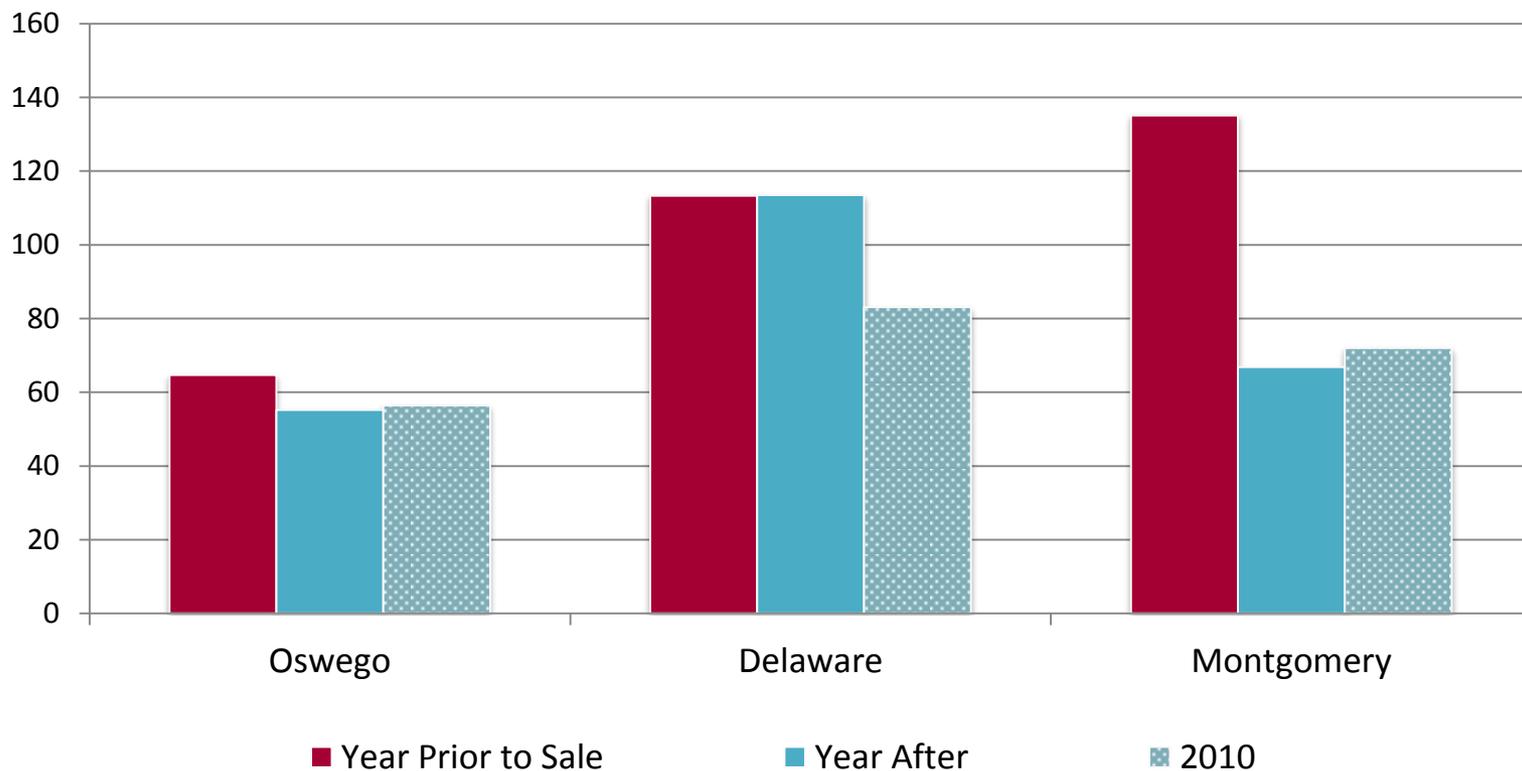
Total FTEs



Source: NYS DOH Cost Report data organized by LeadingAge New York

Declines in Nursing FTEs Post-Sale

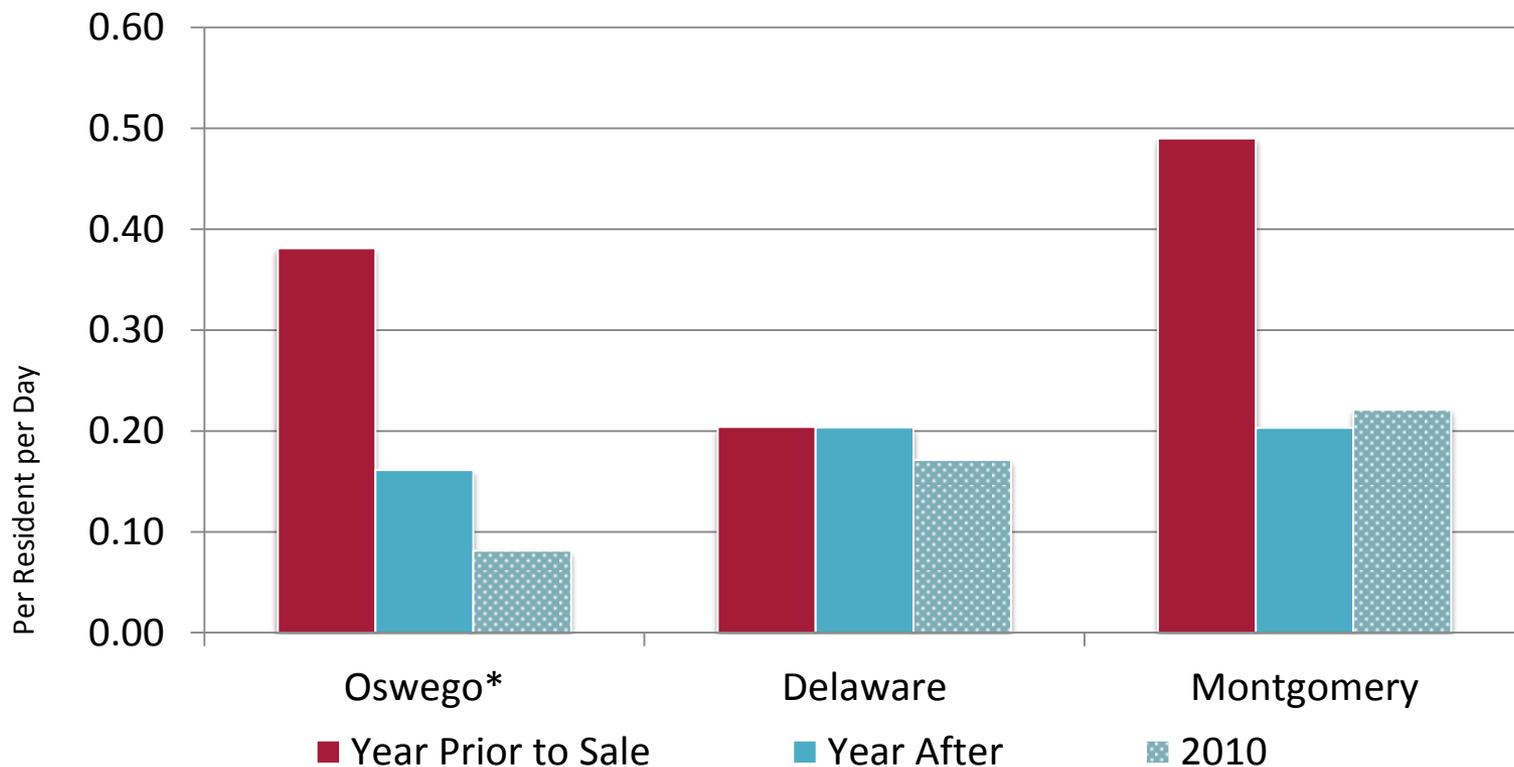
Nursing FTEs



Source: NYS DOH Cost Report data organized by LeadingAge New York

Declines in Hours of RN Care Post-Sale

Hours of RN Care Provided

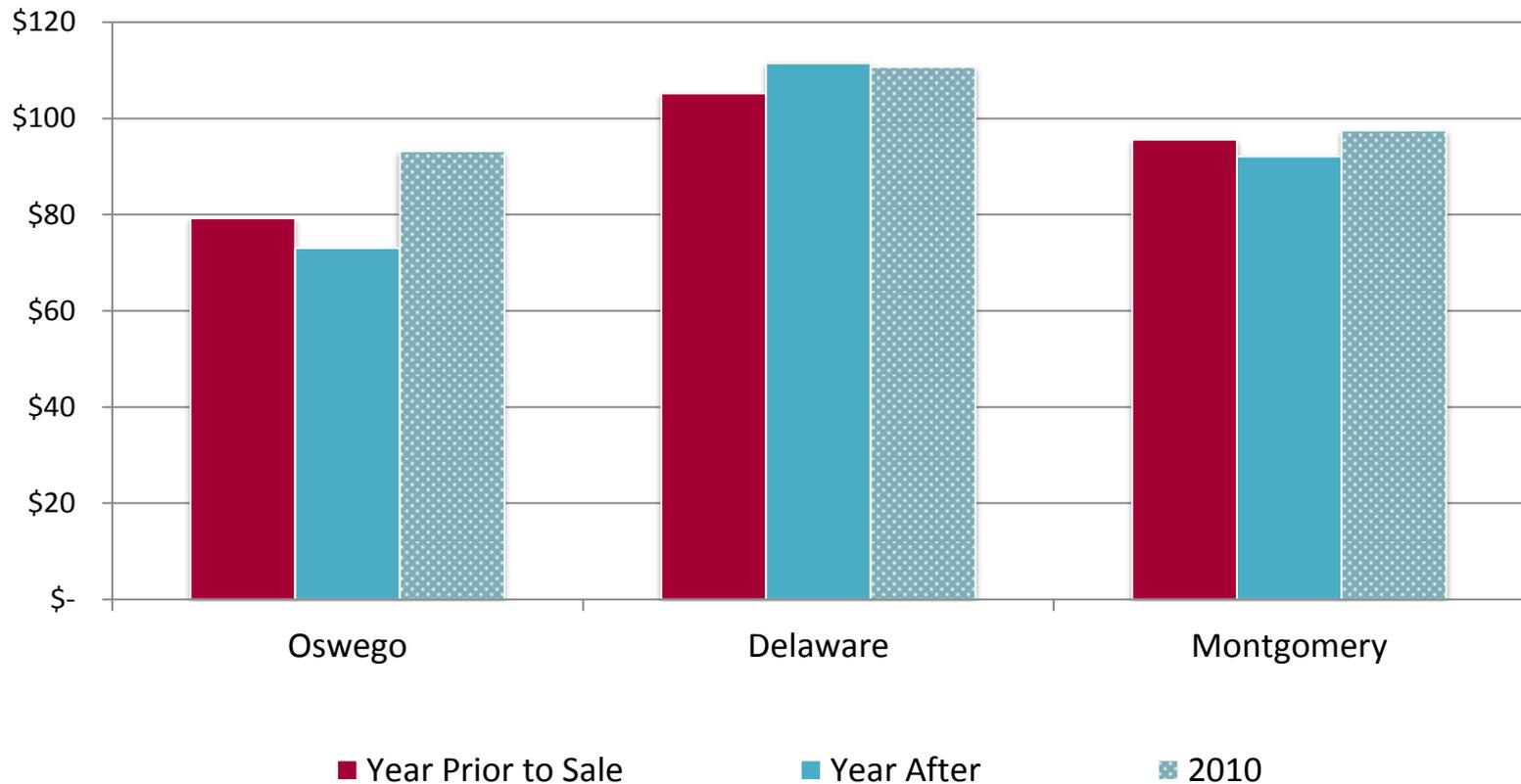


* Decrease reflects change in reporting, not true reduction.

Source: NYS DOH Cost Report data organized by LeadingAge New York

Small Changes in Salaries Post-Sale

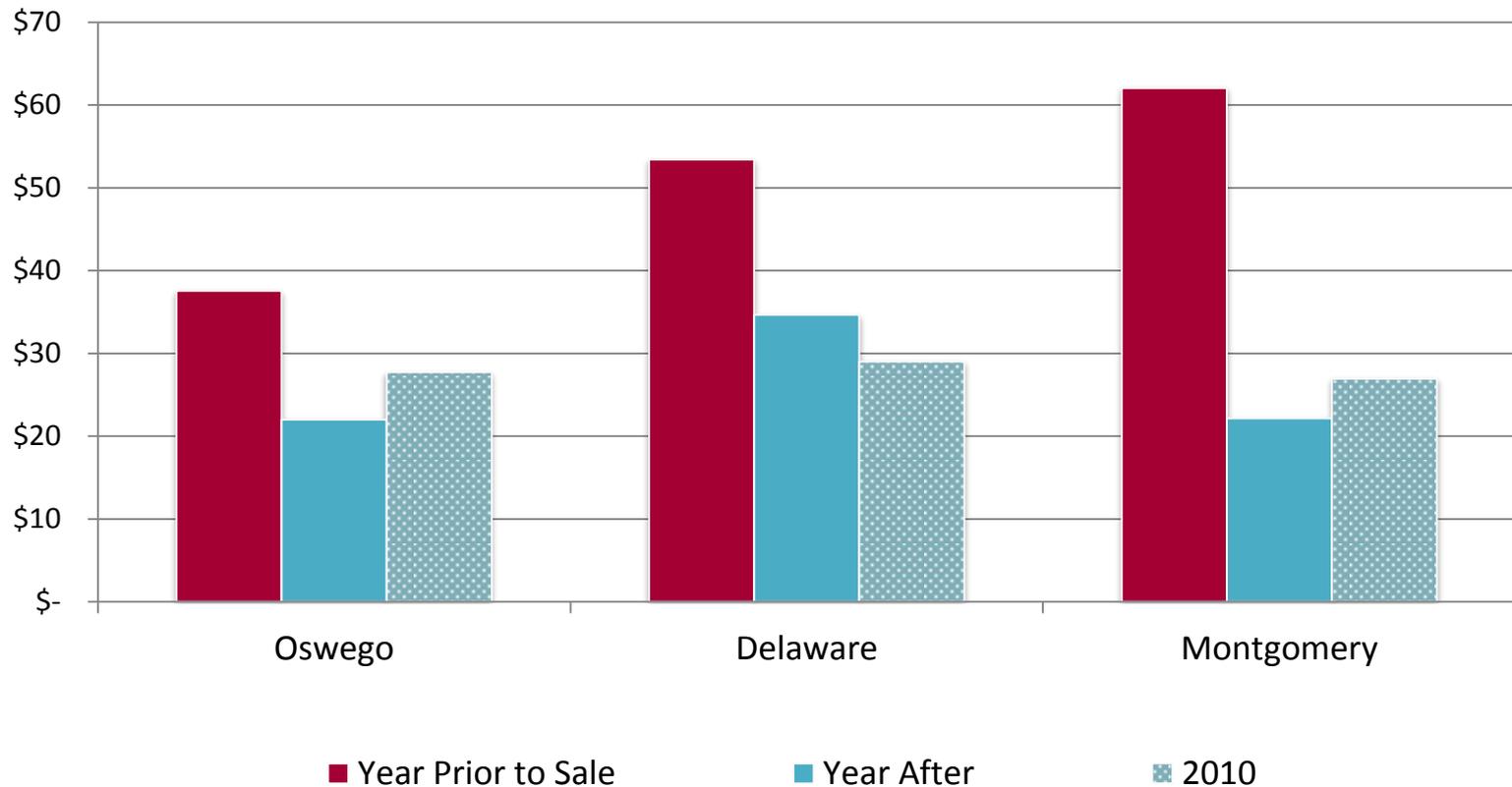
Salaries per Resident Day



Source: NYS DOH Cost Report data organized by LeadingAge New York

Significant Declines in Benefits Post-Sale

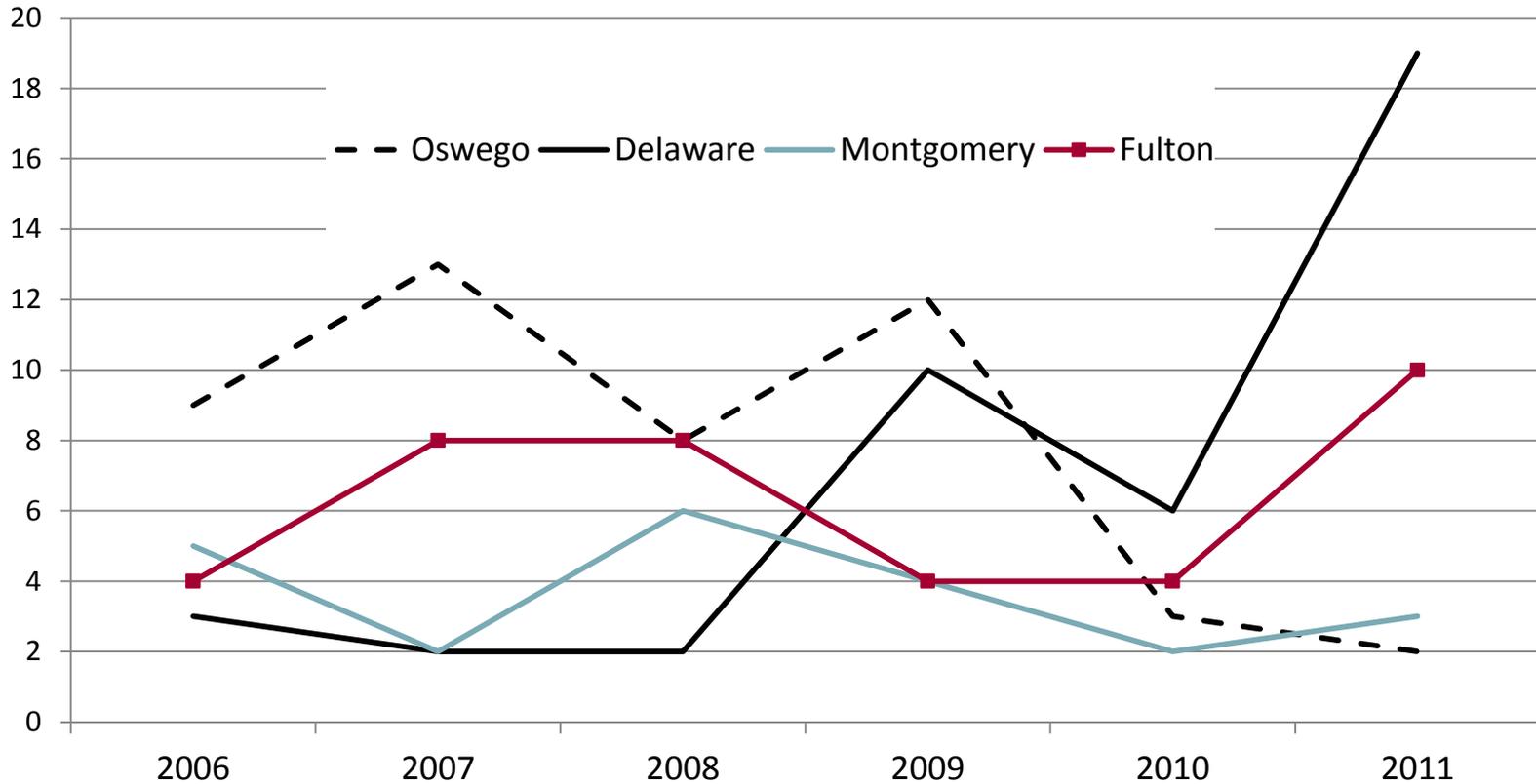
Benefits per Resident Day



Source: NYS DOH Cost Report data organized by LeadingAge New York

Mixed Results in NY Deficiencies After Sale

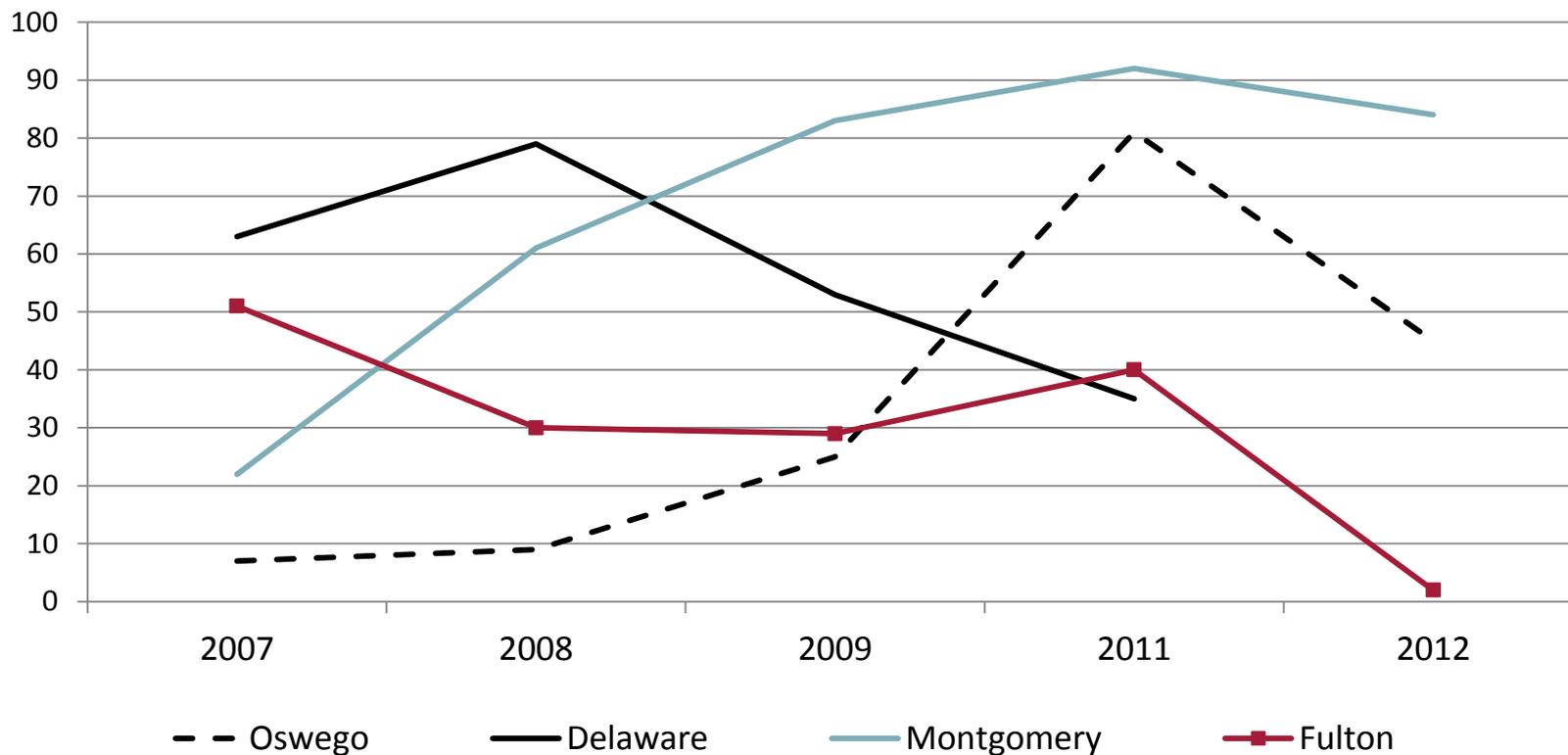
Annual Number of Deficiencies



Source: NYS Health Department, Nursing Home Profile

Similar Mixed Changes in Quality Rankings

Health Insight Quality Ranking



Source: Health Insight, National Nursing Home Rankings

Summary of Impact of Sales of County Homes

	Oswego	Delaware	Montgomery	Fulton
Year of Sale	2005	2006	2007	2012
2012 Quality Ranking	45	35	84	2
2011 Total Deficiencies	2	19	3	10
Admission Practices	Attracted more short-term rehab patients.	No major changes.	Attracted more short-term rehab patients; more selective about behaviorally challenged residents.	Tried to increase occupancy by garnering more out-of-area residents, some with behavior challenges. Also attracted more short-term rehab patients.
Hard to Place Residents	No evidence they are not admitted.	No evidence they were not admitted.	Some evidence to suggest they are not as frequently admitted.	No evidence they are not admitted.
Change in FTEs	-11%	-6%	-40%	NA
Change in Salaries	-8%	6%	-4%	
Change in Benefits	-41%	-35%	-64%	
Staff Union	SEIU 1199	None	None	CSEA non-govt unit
Tax Implications of Sale	Tax levy declined 4% and 5% for 2 years, then began to rise.	Tax levy declined 3% and 1%, then began to rise.	Tax levy declined 7%, 2% and 6%, then began to rise.	Tax levy has not yet declined, in part because sales tax revenues are down.

Notes: Delaware quality ranking change is for 2011, as home was closed in 2012. Ranking is on 100-point percentile scale. Changes in FTEs, salaries and benefits presented for one year post-sale. Salaries and benefits represent total per resident day.

County Homes that Were Closed

- ▶ Niagara and Westchester closed their nursing homes after the Berger Commission concluded both counties had excess beds.
- ▶ The availability of beds in nearby facilities made for few transitional difficulties for residents.
- ▶ **Going forward, few if any counties seem to be considering closing,** and closure generally makes sense only in special circumstances.



Next Steps for County Homes: Preparing for the Future

Few county homes can afford to continue to conduct business in the future as they have in the past; leaders must think strategically about their future.

Key Recommendations

Before making a determination about the future of its nursing home, each county should engage in a careful due diligence process of examining a range of options concerning the future of its home.

It is generally better for a county to sell its nursing home than to either close it or continue to lose significant amounts of taxpayer money, as long as it is able to sell to a responsible buyer.

Internal Improvement Options

- ▶ Aggressively market services and quality of care, including to short-term rehab patients.
- ▶ Work with labor representatives to make nursing home operations more financially viable.
- ▶ Consider separate bargaining units for nursing home employees and/or include home administrators in negotiations.
- ▶ Pursue revenue-generating opportunities, such as additional education on Minimum Data Set coding (ensuring accuracy in billing and reimbursement).

Options to Explore for Sustaining Ownership

- ▶ Consider all options for sustainable operation of the home:
 - ▶ Establishing public benefit corp/LDC
 - ▶ Employee buy-out
 - ▶ Management contract with private sector to operate home
 - ▶ Outsourcing some functions/services
 - ▶ If county overall has sufficient nursing homes beds, decertifying/converting county beds.
- ▶ Create more comprehensive long-term care plans, and explore options for providing lower levels of long-term care.
- ▶ Improve efforts to educate residents on long-term care options.

Recommendations for Counties Choosing to Sell

- ▶ Establish criteria and expectations, including future expectations of admission policies and approaches to “safety net.”
- ▶ Consider more than just sale price.
- ▶ Thoroughly research and vet potential buyers.
- ▶ Attempt to build protective language into the agreement.
- ▶ Ensure a transparent process with stakeholder involvement.
- ▶ Provide as much continuity as possible.
- ▶ Assess county official willingness to be involved in oversight after the sale.
- ▶ Consider using sale proceeds to expand long-term care services in the community.

Recommendations for New York State

- ▶ Work to assure future of IGT funding
- ▶ Provide additional funding to county homes in counties with high numbers of indigent elderly, few options, etc.
- ▶ Consider providing additional reimbursement to *any* home serving high proportion of residents on Medicaid upon admission
- ▶ Take bigger role in helping counties assess options and vet potential buyers
- ▶ Offer financial incentives for counties to provide lower levels of care
- ▶ Lobby feds to allow public nursing homes to offer assisted living

Questions?

- ▶ Discussion
- ▶ Explore our website: <http://www.cgr.org/NY-county-nursing-homes/>

- ▶ Future follow-up:

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