

PRESS RELEASE**Media Contacts:**Donald Pryor, Ph.D. (585) 327-7067; dpryor@cgr.orgErika Rosenberg (585) 327-7066; erosenberg@cgr.org**Future of County Nursing Homes in NYS Is in Jeopardy***8 Counties Outside NYC that Own Homes Are Selling Them; 5 Others May Sell For Those Staying in Business, Change Is Essential or Homes May Not Survive*

Rochester, New York, August 19, 2013 – In a new statewide study, the Center for Governmental Research (CGR) finds 92% of county-owned nursing homes outside New York City lost money in 2010, and without significant changes in how they operate, most have little chance to survive.

Historically, counties have considered the homes to be an important part of their missions, and have cited their role in providing care to indigent, behaviorally-challenged and other “hard-to-place” residents that other nursing homes might be reluctant to admit.

“In recent years, six counties have sold or closed their homes, with mixed results ranging from improvements in care to state closure of one poorly performing home,” said Donald Pryor, Ph.D., study director and CGR Director of Human Services Analysis. “Other counties have kept their homes but are dealing with an increasingly rugged landscape.”

Of the 33 counties outside NYC operating nursing homes as of January 2013, CGR found:

- Eight are in the process of selling them;
- At least five more indicate they are actively considering selling;
- The remainder plan to continue owning their homes or are discussing their options.

“The study underscores that counties outside NYC with financially struggling nursing homes – and that includes almost all counties with such homes – must do thorough due diligence,” Pryor emphasized. “We recommend assessing a range of options, from determining if there are ways of reducing internal costs and enhancing revenues to weighing the potential for selling the home, and if so, carefully considering to whom and under what conditions.”

Key variables to assess include: a) the number of other homes in the county and whether an overall bed surplus or shortage exists; b) projections of 75+ and 85+ populations; c) incidence of indigent elderly county residents; d) history of serving Medicaid and other “hard-to-place” residents; and e) availability in the county of long-term-care services other than nursing homes.

New York State Health Foundation Funded Study

CGR has extensive knowledge of the NYS long-term-care environment, and conducted the one-year study with funding from the New York State Health Foundation. The study identifies key consequences of previous decisions that shifted beds from the public to the private sector, and provides data-driven policy guidance to state and county officials.

The study focused on all public homes that counties outside NYC operate (33 counties, 35 homes total); four homes sold by other counties since 2005; and two homes closed by counties in recent years. Analysis of the latest available, relevant datasets; case studies of the homes previously sold or closed; surveys of county executives/administrators, legislature chairs, and home administrators; and interviews with stakeholders and industry experts lead CGR to conclude:

1. As financial stability of the county homes has eroded, so has commitment by county officials to continue operating them. CGR analysis shows that 2010 median losses per resident day doubled since 2006, and quadrupled since 2001.
2. Employee benefit costs (primarily for health insurance and pensions) are the key driver of annual operating deficits. Median employee benefit costs per resident day in the county homes rose 181% in the 10 years ending in 2010, due in large part to negotiations conducted long ago. Without intentional, collaborative efforts to implement needed change, most county nursing homes will not survive.
3. The results of recent sales and closings of homes are, to date, mixed. On the positive side, they have reduced costs to counties and, in some cases, facilities and care have improved. However, one of the homes sold was later closed by the state due to poor performance, displacing more than 100 residents; and in some facilities staffing and quality of care have declined. For the most part, the oft-cited fear that “hard-to-place” residents would not be served if homes were sold has not been realized.
4. Decisions about the future of county-owned nursing homes are typically being made without sufficient context. Few of NY’s counties have comprehensive long-term-care plans in place, despite projections the state’s population is getting older and living longer.

Recommendations for the State & Guidelines for Counties Owning Homes

Based on the study, CGR recommends NYS officials work with their federal counterparts to ensure the future availability of Intergovernmental Transfer (IGT) Program funds as a needed source of revenue for county homes; provide supplemental financial incentives to selected nursing homes that meet specific criteria (e.g., demonstrated need, significant admissions of “hard-to- place” residents); expand the state’s role in partnering with counties to carry out due diligence assessments exploring future options for their nursing homes; and provide incentives to help counties expand community-based, long-term-care services other than nursing homes.

CGR's recommended guidelines for counties begin with thoroughly assessing future options for their homes before making decisions about their future. Additional guidelines include developing county long-term-care plans; strengthening working relationships between nursing home administrators, labor representatives and county officials to make county homes more financially viable; and establishing clear criteria and expectations for potential buyers to meet, if the county's choice is to sell its home.

Editor's Notes:

STUDY [WEBSITE](http://www.cgr.org/NY-county-nursing-homes): CGR has created a special website where key findings, recommendations for the state, guidelines for counties, the full report, information on study partners, and more are posted. See: <http://www.cgr.org/NY-county-nursing-homes>.

ABOUT [CGR](#): The Center for Governmental Research is a leading provider of strategic management consulting to municipal, educational and nonprofit sector clients. The 98-year-old nonprofit organization specializes in the areas of government management, economics & public finance, education, and health & human services. Of relevance to the study above, CGR completed statewide studies of public nursing homes outside NYC in 1997 and 2007. For the new study, CGR notes that [LeadingAge New York](#) was a key data partner.

ABOUT THE STUDY FUNDER: The New York State Health Foundation ([NYSHealth](#)) is a private, statewide foundation dedicated to improving the health of all New Yorkers, especially the most vulnerable. Today, NYSHealth concentrates its work in three strategic priority areas: expanding health care coverage, improving diabetes prevention, and advancing primary care. The Foundation is committed to making grants; informing health care policy and practice; spreading effective programs to improve the health system; serving as a neutral convener of health leaders across the State; and providing technical assistance to its grantees and partners.

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