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The long-term convalescent health-care industry in the United States faces three main problems:

- 1) Many indigent patients cannot gain access to nursing homes
- 2) The quality of nursing home care is at times suspect
- 3) The cost of the care is considerable and continues to increase at a worrisome pace

The Medicaid program, which helps indigent patients gain access to nursing home care by directly reimbursing the homes, is the dominant purchaser of nursing home services in the United States. The business of nursing homes is to provide patients with a package of commodities such as medical care, room and board, and social activities. Some of these services are devoted to rehabilitation and others toward lifestyle maintenance. Together these components can constitute the quality of care provided to patients.

Nursing homes care for two types of patients:

- 1) Those who finance their care privately
- 2) Those whose care is paid for through the Medicaid program.

The sum of private-pay and Medicaid patients cannot exceed a level determined by regulation. A nursing home's capacity is regulated by the Certificate of Need (CON) cost containment program. It can be assumed that nursing homes provide private-pay and Medicaid patients with

the same level of quality. This follows from the legal restrictions that nursing homes cannot discriminate in the provision of service based on source of payment. Homes charge private-pay patients what the market will bear which is a function of price and quality. In contrast, nursing homes receive a set Medicaid reimbursement rate for the care of Medicaid patients and depend only on quality since Medicaid patients pay zero out-of-pocket expenses. (Center for the Study of Aging, 1996)

In 2000, Texas ranked 45th lowest in the nation in Medicaid funding for nursing home care. In Texas, the Medicaid reimbursement of \$81.50 is \$26.00 less than the national average of \$107.56. One of the negative consequences caused by this lowered reimbursement rate is the low level of staffing that nursing homes are able to afford.

Over 90% of the nursing homes in Texas do not meet the preferred minimum staffing levels identified by U.S. Department of Health and Human Services. Unlike Medicare rates, which are established by the federal government, individual states determine the amount of reimbursement under Medicaid. (Government Reform Committee, 2000)

Despite the recent Texas Legislature's two-year infusion of an additional \$175 million in Medicaid dollars for nursing homes, caregivers for 100,000 elderly and disabled Texans say they are still operating in a crisis mode. The money is too little and lawmakers also passed several new mandates - including a requirement that a portion of the new money be spent on liability insurance - that wipe out the gain. The new state Medicaid apportionment will allow

Texas to draw down an additional \$1.50 in federal Medicaid reimbursement for each dollar of state money - or about \$435 million total over the 2002-2003 biennium. This could potentially raise the average daily reimbursement rate to \$91.00, still below the national average. (San Antonio Express News, 2001)

Nursing Homes in the KCF Counties

Bandera County - One (1) nursing home with a capacity of 62 beds

Bexar County - Fifty-two (52) nursing homes with a capacity of 6,331 beds

Comal County - Four (4) nursing homes with a capacity of 590 beds

Kendall County - Four (4) nursing homes with a capacity of 395 beds

There are sixty-two (62) nursing homes in the four counties with an overall capacity of 7,378 beds.

References

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