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**A TEN-YEAR RETROSPECTIVE
LOOK AT OHIO'S
LONG-TERM CARE SYSTEM**

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EXECUTIVE SUMMARY

Over the past ten years the state has experienced a continued shift in the way older Ohioans receive long-term care. More older people are receiving long-term care in their own homes and in assisted living facilities. Ohio's home care program for older people, PASSPORT, increased from serving 6,000 individuals in 1992 to 24,500 in 2001. The number of residential care beds, driven by the expansion of assisted living, grew from 8,700 in 1993 to 34,000 in 2001. At the same time, despite an increase of 50,000 Ohioans age 85 and older, the average number of nursing home residents served in the past ten years has dropped by almost 5,700 per day, and the number of Medicaid supported residents has dropped by more than 2,700 per day.

These numbers indicate that Ohio has begun to change its approach to delivering long-term care. Although critics suggest that Ohio's expenditure ratio of nursing home to home care lags behind the majority of states, substantial changes have occurred in the system. As Ohio prepares for future population increases it will need to continue its efforts to provide a range of long-term care options for its citizens. Ohio simply cannot afford to expand the current long-term care system to meet the needs of our growing aging population.

BACKGROUND

As a state with one of the largest aging populations in the United States, it is no surprise that Ohio is heavily involved in the provision of long-term care services. With 1.6 million people over age 65, Ohio ranks 7th nationally in the size of its older population. One challenge presented by Ohio's population growth is an increase in the number of older people living with chronic conditions. About three in ten older Ohioans experience a long-term disability. The population most likely to be in need of long-term care, those age 85 and above, has increased by almost 50,000 (34%) since 1990. As if today's challenges are not enough, projections indicate that the 85 plus group will increase from the current 184,000, to over one million by 2050 when the baby boomers reach old age.¹

Because publicly funded long-term care falls heavily on the shoulders of states, primarily through the Medicaid program, these population changes place considerable pressure on state budgets. In 2001 Ohio's Medicaid program spent \$2.8 billion on long-term care services for aged and disabled individuals. Nursing home expenditures accounted for about \$2.3 billion of the total. PASSPORT waiver expenditures were \$195 million. Other waiver expenditures and home health account for \$300 million.² In addition to state expenditures, older Ohioans and their families spend about \$2 billion out of their own pockets to purchase long-term care services in nursing homes, assisted living, and at home. Supplementing this formal care is family and friend care, which is estimated to be about

¹ Mehdizadeh, S., Kunkel, S., & Ritchey, P. (2001). Projections of Ohio's Older Disabled Population 2015 to 2050. Oxford OH: Scripps Gerontology Center, Miami University. Available for download from www.scripps.muohio.edu

² Burwel, B., Eiken, S., & Sredl, K. (2002). Medicaid Long-Term Care Expenditures in FY 2001. Cambridge, MA: The MEDSTAT Group.

equivalent in value to the paid services. Long-term care has indeed become everybody's business.³

TRACKING LONG-TERM CARE UTILIZATION

Ten years ago, because of concerns about future long-term care challenges, the Ohio Legislature, and the Ohio Departments of Aging and Job and Family Services initiated a project to track nursing home and home care use in the state. Data collected between 1992 and 2001 from the Annual Survey of Long-Term Care Facilities, the Nursing Home Minimum Data Set, and the PASSPORT management information system provide a comprehensive portrait of long-term care in the state. The findings from this research indicate that Ohio is experiencing dramatic changes in its system of long-term care.

Nursing Facility Use

We begin with an overview of the changes that have occurred in the nursing home industry. As shown in Table 1, the number of nursing facility beds in service (94,231) has remained constant over the past ten years (increasing by less than 3%). What has changed is the way nursing homes are used. For example, in 1992 Ohio nursing facilities recorded 71,000 admissions, but by 2001 that number had risen to nearly 150,000 (an increase of 111%). For many, nursing home use became a short-term source of care as hospital length of stay continued to decrease in response to federal Medicare changes in reimbursement. Recent data indicate that more than half of all individuals admitted to Ohio nursing homes are no longer residents within three months; 80% of these individuals return to the community.

³ Mehdizadeh, S., & Murdoch, L. (2003). The Value of Long-Term Care in Ohio: Public Dollars and Private Dedication. Oxford, OH: Scripps Gerontology Center, Miami University.

Table 1
Ohio Nursing Facility Admissions, Discharges, and Occupancy Rates: 1992-2001

	1992	1994	1996	1998	2000	2001
Adjusted Nursing Facility Beds^a						
Total beds	91,531	94,471	97,129	98,106	93,887	94,231
Medicaid certified	80,211	84,893	85,289	90,337	86,083	87,634
Medicare certified	37,389	38,318	33,577	40,779	52,722	62,088
Number of Admissions						
Total	70,879	87,909	120,015	142,116	134,979	149,905
Medicaid resident	17,968	17,307	18,136	21,957	22,209	24,442
Medicare resident	30,359	49,038	77,107	83,789	79,297	90,693
Number of Discharges						
Total	68,195	84,980	115,934	139,543	134,879	141,611
Medicaid resident	23,568	25,219	27,018	30,465	30,828	30,374
Medicare resident	20,443	35,540	61,169	69,614	79,297	71,884
Occupancy Rate (Percent)^{b, c}						
Total	91.9	90.3	86.9	85.3	81.9	83.2
Medicaid resident ^d	67.4	66.2	65.1	61.3	59.3	58.5
Medicare resident ^e	9.9	13.6	20.3	16.9	12.4	11.8

^a Total beds include private, Medicaid and Medicare certified beds. Because some beds are dually certified for Medicaid and Medicare, the individual categories cannot be summed. The total beds, Medicaid, and Medicare certified beds are adjusted to account for facilities that did not respond to the survey in each year.

^b The occupancy rate since 1996 is based on facilities that did not have ICF-MR certified beds. In facilities with ICF-MR beds all beds are dually licensed, therefore it is impossible to separate Medicaid-IMR residents from other residents.

^c Facilities with occupancy rate higher than 100% excluded.

^d The proportion of Medicaid certified beds occupied by residents with Medicaid as source of payment.

^e The proportion of Medicare certified beds occupied by residents with Medicare as source of payment.

Source: Annual Survey of Long-Term Care Facilities. Ohio Department of Health 1992-1998, Annual Survey of Long-Term Care Facilities, Ohio Department of Aging and Scripps Gerontology Center, 1999-2001.

A breakdown of the admission data reinforce this point. In 1992, there were just over 30,000 Medicare admissions. These admissions increased dramatically and by 2001 there were almost 91,000 Medicare admissions recorded in Ohio nursing facilities (over 200% increase). Medicare provides full coverage for only the first twenty days of nursing home care, so most of these stays are short in duration. In 2002, 27,000 of the newly admitted residents stayed less than fifteen days.⁴ This sharp increase resulted in federal legislative changes passed as part of the Balanced Budget Act of 1997, which cut back Medicare reimbursement levels. The cuts went into effect in 1999 when for the first time in eight years the trend of increasing Medicare admissions was reversed, dropping to just under 77,000 (not shown). Modifications to federal Medicare policy in response to nursing home provider concerns resulted in the resurgence of Medicare admissions in 2001.

The increase in nursing facility admissions has been accompanied by an increase in discharges, and the net result has been a reduction in nursing facility occupancy rates over the past ten years. In 1992, overall occupancy rates were just under 92%, by 2001, occupancy rates had dropped to just over 83%. In 2000, occupancy rates dipped to a ten year low of 82%. Medicaid occupancy rates (measured by the number of Medicaid certified beds occupied by residents with Medicaid as the source of payment) were similar to the overall drop, going from 67 % in 1992 to 59% in 2001.

The number of beds in service fluctuates from year to year and these changes can affect occupancy rate calculations. To address this problem, we also present an analysis based on average daily statewide resident census. This is particularly important in examining Medicare use rates, where the number of certified beds has increased from just over 37,000 in

⁴ Nursing Home Minimum Data Set, 2001.

1992 to 62,000 in 2001 (68% increase). The number of Medicaid beds has increased by about 7,000 or nine percent.

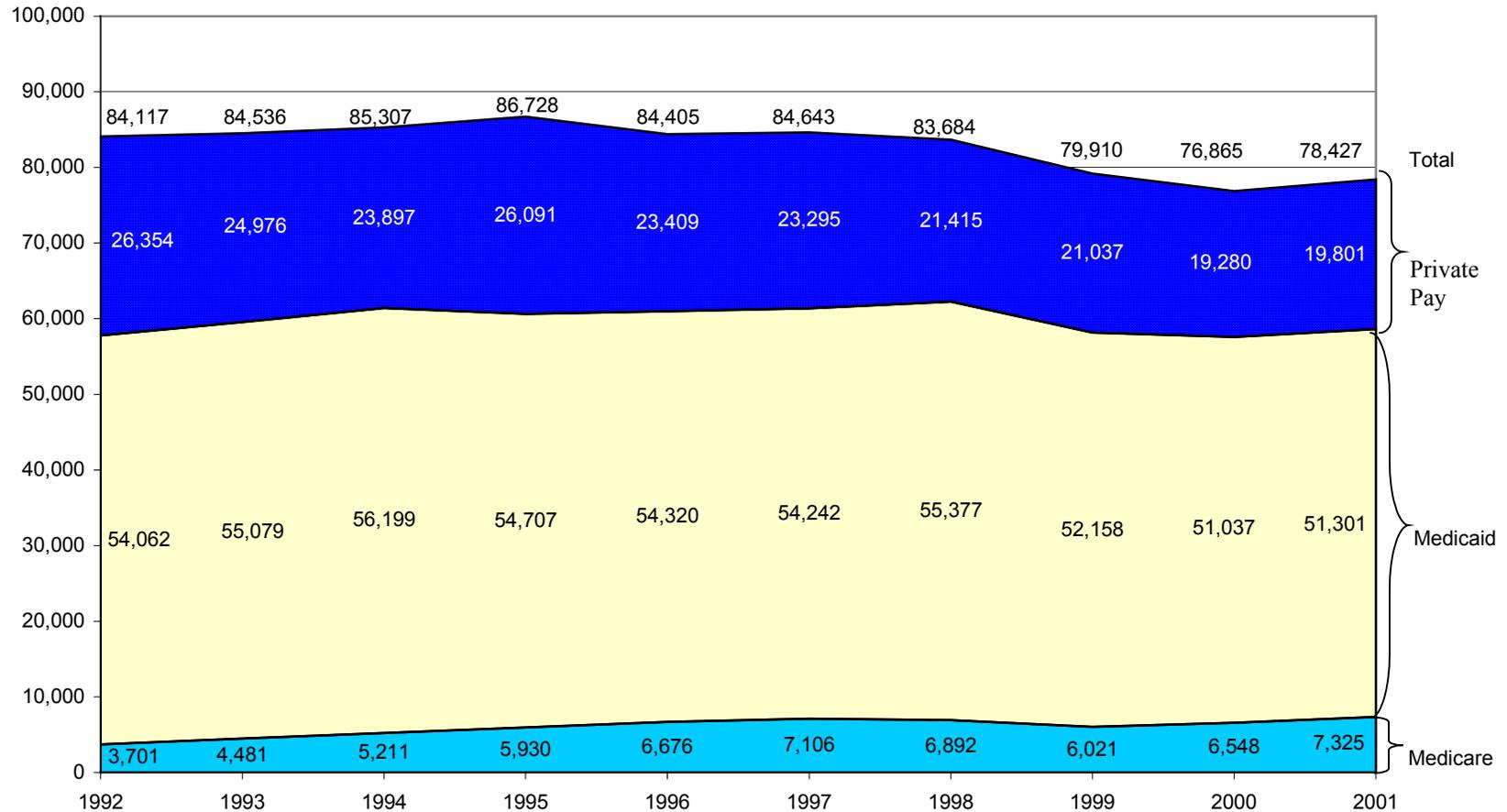
Data presented in Figure 1 show the average daily census over the ten-year time period. Nursing home stays are classified into three major categories; Medicaid, Medicare, and private pay, which includes long-term care insurance. Consistent with the occupancy data, the overall finding is that a lower number of residents are being served in Ohio nursing facilities today than ten years ago. On average 5,690 fewer people are served in nursing homes each day, than in 1992, as the average daily census dropped from 84,117 to 78,427 (about a 7% decrease). Reflecting the considerable changes experienced by the industry, these patterns vary by payment source. Average daily census for those paying privately dropped by 25%, from 26,354 to 19,801. Medicaid average daily census dropped from 54,062 to 51,301 (5% decrease). On the other hand the average daily Medicare census almost doubled in size from 3,701 in 1992 to 7,325 in 2001. At least in part, the increase in Medicare census is related to the fact that hospital lengths of stay have been reduced and discharged patients enter nursing homes for rehabilitative care. Studies of case mix scores indicate that today's nursing home residents are more impaired than those ten years ago.⁵

Nursing Facility Costs and Resident Characteristics

In addition to our review of utilization patterns, we present data on rates of reimbursement and resident characteristics. The per diem charges as reported by nursing

⁵ Bailer, A., Straker, J., & Hughes, M. (2003). Trends in Nursing Home Resident Acuity. (Working paper. Scripps Gerontology Center, Oxford, OH.)

Figure 1
Average Daily Nursing Home Census: 1992-2001



Source: The Annual Survey of Long-Term Care Facilities, Ohio Department of Health 1992-1998, Ohio Department of Aging and Scripps Gerontology Center 1999-2001.

Table 2
Average Nursing Home and PASSPORT Per Diem by Source of Payment: 1992-2001

Year	Nursing Home Source of Payment			PASSPORT
	Medicare	Medicaid	Self-Pay	Average Daily Cost
1992	\$88	\$85	\$94	\$30
1993	105	90	84	31
1994	156	88	103	36
1995	186	94	111	33
1996	201	97	123	29
1997	187	98	115	32
1998	241	113	128	30
1999	225	125	136	31
2000	255	134	144	30
2001	279	147	148	31

Source: Annual Survey of Long-Term Care Facilities, 1992-2001.

PASSPORT MIS system. The Average Daily Cost includes all client service, assessment, and administrative costs.

homes in the Annual Survey of Long-Term Care Facilities are displayed in Table 2. Costs vary considerably by funding source and are not adjusted for inflation. Medicare has experienced the largest increase over the ten year time period, with per diem rates going from \$88 in 1992 to \$279 in 2001 (217% increase).

Combining the Medicare per diem increases with an almost doubling of the number of Medicare patients in nursing homes, highlights the growing importance of Medicare as a funding source for nursing facilities. For example, in Ohio in 1992 Medicare expenditures (\$119 million) represented less than 7% of public nursing home expenditures, compared to 21% in 2001 (\$746 million). Legislative changes, such as the previously discussed Balanced Budget Act of 1997, have been enacted as a response to these Medicare increases.

The Medicaid per diem was \$85 in 1992, and \$147 in 2001 (73% increase). The change, in addition to inflation, reflects both the increasing acuity level of residents and the

impact of lower occupancy rates. Resident characteristics are shown in Table 3. Ohio nursing home residents are more disabled today than ten years ago. In particular, nursing home residents are reported to be more cognitively impaired, (61% in 1994 and 67% in 2001) and more likely to be incontinent (59% compared to 63%). Activities of daily living, a main measure of long-term care functional need, shows residents having on average between four and five impairments out of a possible six. Although some increases in disability levels were recorded during the first half of the ten-year period, during the past five years activities of daily living impairment levels have remained constant.

In addition to acuity levels occupancy rates can impact per diem rates. The occupancy rates and the average daily census presented in Table 1 and Figure 1 show the drop in the average number of residents over the study time period. Because certain fixed costs such as physical plant and utilities are not reduced when census goes down, a lower number of residents over time may help explain a higher per diem.

The rate charged to those paying privately increased from \$94 in 1992, to \$148 in 2001 (57% increase). The private pay increase, which is lower than the Medicaid rate changes, may be the result of fewer private pay residents and a more competitive market. The number paying privately has dropped by 25% from 26,300 to 19,800 during the ten-year time period. Although private pay charges remain higher than Medicaid reimbursement, these changes may signify a market shift. Federal law however, does not allow nursing home private pay rates to be lower than the Medicaid rate within the same facility.

PASSPORT Home Care and Assisted Living

A number of factors influence consumer choice and use of long-term care services.

Table 3
Demographic and Functional Characteristics of Ohio
Nursing Facilities Residents: 1994-2001

	December 1994 (Percentage) ^a	December 1998 (Percentage) ^a	December 2001 (Percentage) ^a
Age			
Under 65	8.9	9.9	12.1
66-74	13.0	11.1	10.8
75-84	31.5	31.8	31.2
85 and older	46.6	47.2	46.0
Average Age	81.0	80.9	80.2
Gender			
Female	73.8	73.0	77.9
Race			
White	88.5	88.2	87.0
Percentage Needing Assistance in Activities of Daily Living (ADLs)^a			
Bathing	94.1	94.1	94.0
Dressing	88.6	84.7	85.1
Transferring	68.7	70.6	73.2
Toileting	68.7	77.6	79.3
Eating	38.5	37.8	35.9
Grooming	83.4	83.7	84.4
Number of ADL^b Impairments			
0	5.1	4.9	5.0
1	7.3	6.8	6.5
2	4.9	4.5	4.2
3	7.7	6.7	5.7
4 or more	75.0	77.1	78.6
Average Number of ADL Impairments	4.2	4.5	4.5
Incontinence	59.4	63.2	63.3
Cognitive Impairment			
Lacks cognitive skills for daily decision making ^c	61.5	65.4	67.5
Population	81,414	81,500	77,939

^a "Needs assistance" includes limited assistance, extensive assistance, total dependence, and "activity did not occur."

^b From the list above.

^c "Moderately" or "severely" impaired in cognitive skills.

Source: MDS+ database for December 1994 through December 2001.

The expansion of long-term care options, including in-home services through Ohio's PASSPORT program and the development of the assisted living industry, contribute to the changes described above.

PASSPORT has expanded considerably in the ten year time period of the study. Between 1992 and 2001 the number of clients served annually by PASSPORT increased from just over 6,000 individuals, to 24,500. To examine overall system changes, we compare PASSPORT and Medicaid nursing facility use rates for Ohio's older population. In 1992, there were about 48,000 older people who received Medicaid reimbursed nursing home care (a rate of 32 per 1,000), while the PASSPORT number of just over 6,000 represented a rate of 3.5 per 1,000. During this time period Ohio's long-term care expenditures were primarily allocated to institutional care.

By 2001, shifts had occurred in the long-term care system. The rate of Medicaid nursing home residence in the general older population had dropped to 30 per 1,000, while the PASSPORT rate had increased to 14.5 per 1,000. The changes are most significant for those over age 85. In 1992, 162 per 1,000 older persons over 85 used Medicaid nursing facilities, but by 2001 this number had dropped to 129 per 1,000. During the same time period, PASSPORT enrollment of the 85 plus population increased from 7 per 1,000 to 28 per 1,000. These changes indicate that as Ohio's population in need of long-term care increased, the state's approach to delivering long-term care services had begun to change.

Although assisted living has become a commonly used term across the country, no legal definition exists in Ohio. Assisted living facilities are licensed as residential care facilities along with rest homes, therefore, a precise estimate of the number of assisted living

beds is difficult. By the end of 1999, Ohio had 438 residential care facilities. Half of these facilities were free standing, with the remainder linked to nursing homes. The number of residential care facility beds increased dramatically between 1993 and 1999, growing from 8,700 in 1993 to more than 27,000 in 1999 (a 210% increase). Data from our most recent survey of residential care facilities shows a continued increase in new beds, with the number of licensed beds topping 34,000 in 2001. This substantial growth is explained by the opening of new assisted living facilities.

PASSPORT Costs and Characteristics

Costs for PASSPORT program clients are presented in Table 2. The per diem cost was \$30 in 1992 and is essentially the same at \$31 in 2001. As noted earlier these dollar amounts are not adjusted for inflation, suggesting that client expenditures have actually gone down in real dollars over the ten year time period. PASSPORT expenditures are not cost based; rather, they reflect administrative budget decisions.

A review of the characteristics of PASSPORT clients presents a very consistent portrait over the ten-year period (See Table 4). PASSPORT serves a vulnerable population and that client profile has been essentially unchanged. Six in ten PASSPORT clients have three or more activities of daily living limitations, such as assistance with bathing and dressing, and they average six instrumental activities of daily living limitations, such as assistance with meal preparation and transportation. Three quarters of PASSPORT clients live alone; four of five are women; and one quarter are members of a minority group.

Table 4
Demographic and Functional Characteristics of PASSPORT Clients: 1994-2001

	December 1994 (Percentage) ^a	December 1998 (Percentage) ^a	December 2001 (Percentage) ^a
Age			
60-65	10.1	11.1	11.8
66-74	26.9	29.5	29.8
75-84	39.2	36.6	37.3
85 and over	23.8	22.4	20.9
Average Age	77.7	77.0	76.7
Gender			
Female	80.4	80.7	80.3
Race			
White	72.1	71.5	74.6
Living Arrangement			
Own home/apartment	79.5	73.3	77.8
Percentage with Impairment/Needing Hands-On Assistance, Activities of Daily Living (ADLs)^b			
Bathing	97.6	96.9	96.5
Dressing	71.1	65.6	61.8
Transferring	37.3	61.1	72.7
Toileting	34.0	26.4	21.6
Eating	10.7	8.1	6.0
Grooming	64.1	43.3	36.6
Number of ADL Impairments^c			
0	0.7	1.0	0.9
1	2.9	3.6	3.5
2	33.2	37.2	36.7
3	29.7	30.1	33.1
4 or more	33.5	28.1	25.8
Average Number of ADL Impairments	3.2	3.0	3.0
Average Number of IADL Impairments^c	6.2	6.1	6.0
Population	9,327	21,096	24,488

^aPercentages are adjusted to reflect only those clients for whom information was available on each variable.

^bImpairment includes all who could not perform by themselves or could perform with mechanical aid only.

^cFrom list above.

Source: PASSPORT MIS database.

SUMMARY AND CONCLUSION

This research brief documents a continued shift in the way Ohioans receive long-term care. More older people in the state are receiving long-term support in their own homes, through Ohio's PASSPORT program and their own out-of-pocket expenditures. The number of older people living in residential care facilities, particularly assisted living residences, has also grown. At the same time, occupancy rates of nursing facilities in the state have dropped as have the sheer numbers of residents served on a daily basis. Despite an increase of 50,000 Ohioans age 85 and over in the past decade, the average number of nursing home residents served each day has dropped by almost 5,700, and the number of Medicaid supported residents has dropped by more than 2,700. Nursing homes are much more likely to be used for short-term care. Ohio nursing facilities recorded almost 150,000 admissions for 94,000 beds in 2001.

Many factors drive these changes such as private sector initiatives, including the development of assisted living and long-term care insurance options, federal policy changes in Medicare and Medicaid coverage and reimbursement, demographic changes, and state policy changes such as the expansion of PASSPORT or a moratorium on bed construction. Although it is difficult to isolate the individual effects of these actions, long-term care is provided in a drastically different manner today, than it was even ten years ago.

The future challenges faced by Ohio and the nation are daunting. An increasing older population combined with the financing realities of both today and tomorrow present a difficult list of policy issues for consideration. Ohio has begun to change its approach to delivering long-term care services. Although critics have suggested that Ohio's ratio of

nursing home to home care expenditures lags behind the majority of states, substantial changes have occurred in this system. As Ohio prepares for the population increases associated with the aging of the baby boomers, continued efforts to develop a balanced system of long-term care are imperative. A model that better matches funding to individual service choices will be required. Ohio simply cannot afford to grow the current long-term care system as a strategy to meet the future population increases faced by the state.