

Chapter 15: Changes in Medicaid Nursing Home Beds and Residents

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Introduction

This chapter presents descriptive information on Medicaid nursing homes from 1987 through 1989. We examined changes in the supply of nursing home beds by Medicaid certification status of facilities. We also examined changes in the payment source composition of residents by characteristics of nursing homes such as certification status and ownership. Data for this chapter are from the Medicare and Medicaid Automated Certification System (MMACS), which contains the findings from annual surveys of Medicare and Medicaid certified providers. The period of time covered was one during which changes were expected as a result of recently promulgated public policies affecting nursing homes. These policies include the Medicaid nursing home provisions of the Omnibus Budget Reconciliation Act (OBRA) of 1987 and the Medicare skilled nursing facility (SNF) provisions of the Medicare Catastrophic Coverage Act (MCCA) of 1988. The results presented in this chapter are intended to provide insight into the initial effects of those policies on Medicaid nursing home use.

Background

Nursing home care in the United States is financed predominately from public funds through the Medicaid program (43.1 percent) and from residents and their families through out-of-pocket expenditures (44.4 percent) (Levit et al., 1991). Medicaid assistance is generally available to individuals who have low incomes and few financial assets. Across the States, the asset limit for Medicaid nursing home assistance is about \$2,500 and income generally has to be below three times the Supplemental Security Income level. Many nursing home patients are Medicaid eligible at the beginning of their nursing home stay. Because of the high costs of nursing home care, others who are exclusively private paying residents at the start of a nursing home stay deplete their assets over time and become eligible for Medicaid. Medicaid's nursing home benefit pays the difference between what a Medicaid nursing home resident can afford and the cost of nursing home care. Medicaid residents are required to use available income, minus a personal needs allowance of approximately \$50 per month, to pay the first dollar of nursing home care. Hence, some portion of a Medicaid resident's nursing home cost per day is paid out of pocket by the resident.

In almost all States, prior to the nursing home reforms of OBRA 1987, Medicaid nursing home assistance covered both SNF and intermediate care facility (ICF) services. SNFs provided services to persons who needed skilled nursing or skilled rehabilitation services on a daily basis. Services had to be provided by a facility or a distinct part of a facility

that was certified to meet participation requirements, and the services had to be ordered by and be under the direct supervision of a physician. ICF services were provided to individuals who did not require hospital or SNF care, but whose mental or physical conditions required services that were above the level of room and board and could be made available only through institutional facilities (Congressional Research Service, 1988). Because of the two levels of care (SNF and ICF), nursing homes under Medicaid prior to OBRA 1987 can be classified as those providing only SNF care, those providing only ICF care, and those providing both SNF and ICF care. In this last category, nursing homes had beds dually certified (SNF and ICF) or had SNF and ICF beds in "distinct parts" of the facility.

Medicaid SNFs could also be certified to provide skilled nursing care under Medicare; approximately three-fourths of the Medicaid SNFs were certified for Medicare in 1987. Although the level of care was similar for Medicare and Medicaid SNFs, coverage under Medicare was subject to more stringent guidelines. For example, a prior hospital stay is required before Medicare SNF coverage is allowable and coverage is only available for 100 days in a spell of illness. These requirements highlight the fact that Medicare covers only care at the SNF level. The SNF benefit was designed to be a post-acute service, in contrast to a long-term care benefit.

The period of time covered by this study, 1987-89, is particularly interesting because of the implementation of recent Medicare and Medicaid policies affecting nursing homes. OBRA 1987, section 1919, redefined nursing homes under Medicaid from a two-level system (SNF and ICF) to a one-level system, in which all facilities would be called nursing facilities (NFs). Beginning in 1990, ICFs were required to have 24-hour licensed nursing services (in contrast to day shifts only), 7 days a week registered nurse coverage on at least one shift (in contrast to 8 hours of consultation weekly) and a full-time social worker on the staff of facilities with 120 residents or more. In effect, OBRA 1987 stipulated that all Medicaid-certified facilities had to meet a set of standards that are similar to those of the Medicare SNF benefit. Hence, OBRA 1987 basically eliminated most differences in requirements between Medicaid SNFs and ICFs.

In addition, two sets of Medicare policies had the potential to induce changes in the payment source composition of nursing homes. The Medicare policies were new coverage guidelines, which went into effect April 1988, and the Medicare SNF provisions of MCCA 1988 which were in effect for 1 year starting January 1989. The revised guidelines presented a notable contrast to prior guidelines which gave only examples of situations when care would not be covered and, therefore, encouraged restrictive interpretation of

eligibility by Medicare intermediaries. Provisions of MCCA greatly reduced copayment requirements, eliminated the requirement that a covered Medicare stay had to be preceded by a hospital stay, and increased the number of days of Medicare coverage to 150 for each calendar year. The importance of the Medicare policies for Medicaid was that they were expected to increase Medicare use, thereby reducing Medicaid use.

Because of the policy initiatives noted previously, we expected that changes would occur during the period 1987-89 in both facility and patient characteristics. Data from MMACS enabled us to identify differences in Medicaid use among nursing homes by characteristics such as ownership and certification status.

Data source and variables

This chapter uses information from MMACS, which stores data from routine certification surveys of Medicare and Medicaid nursing homes. The surveys collect information on both facility and patient characteristics. Facility characteristics include geographic location, number of beds, ownership, and certification by level of care (e.g., skilled versus intermediate). Information on patients in the facility include the proportion who are Medicaid, have specific levels of dependency in activities of daily living, and are receiving specific types of services (e.g., special skin care).

Surveys are generally conducted on a 12-month basis. Hence, information is available to examine trends in particular characteristics of certified nursing homes. However, not all certified nursing homes are included in the survey each calendar year. The survey may be administered to an individual nursing home with as much as a 15-month interval. Therefore, for any given year, the number of nursing homes represented in the survey is less than the total number of nursing homes. We estimate that approximately 88 percent of all nursing homes are included in the survey during a given year. For the analysis, we included any nursing homes that were newly certified or that were terminated at any time from 1987 through 1989. Nursing homes operating in all 3 years were excluded from the analysis if they were not surveyed in each of the 3 years.

In this chapter, we grouped the nursing homes into three pre-OBRA 1987 categories: 1) facilities that are certified to provide only SNF level of care, 2) facilities that are certified to provide only ICF level of care, and 3) facilities that are certified to provide both SNF and ICF levels of care. For the last category, we did not distinguish between those facilities with beds that were dually certified for SNF and ICF care from those with separate units for each type of care.

Because the MMACS data are based on a census (i.e., a given day), information reflects the situation in nursing homes at a point in time, rather than for the entire year. Hence, data on the proportion of residents

Table 15.1

Distribution of nursing homes, by Medicaid certification status: Calendar years 1987-89

Certification status	1987	1988	1989	1987-88	1988-89
				Percent change	
Total	12,606 (100.0)	13,217 (99.9)	13,745 (100.0)	4.9	4.0
SNF-only	2,145 (17.0)	2,291 (17.3)	2,514 (18.3)	6.8	9.7
SNF and ICF	5,715 (45.3)	6,110 (46.2)	6,599 (48.0)	7.6	8.0
ICF-only	4,746 (37.7)	4,816 (36.4)	4,632 (33.7)	1.5	-3.8

NOTES: SNF is skilled nursing facility. ICF is intermediate care facility. Numbers in parentheses are column percentages: Numbers may not total to 100 because of rounding.

SOURCE: Health Care Financing Administration: Data from the Medicare and Medicaid Automated Certification System.

Table 15.2

Distribution of beds, by nursing homes' Medicaid certification status: Calendar years 1987-89

Certification status	1987	1988	1989	1987-88	1988-89
				Percent change	
Total	1,264,327 (100.0)	1,319,320 (100.0)	1,379,355 (100.0)	4.3	4.5
SNF-only	180,842 (14.3)	190,910 (14.5)	210,878 (15.3)	5.6	10.5
SNF and ICF	712,864 (56.4)	750,913 (56.9)	807,476 (58.5)	5.3	7.5
ICF-only	370,621 (29.3)	377,497 (28.6)	361,001 (26.2)	1.9	-4.2

NOTES: SNF is skilled nursing facility. ICF is intermediate care facility. Numbers in parentheses are column percentages: Numbers may not total to 100 because of rounding.

SOURCE: Health Care Financing Administration: Data from the Medicare and Medicaid Automated Certification System.

by payment source, for example, are available only for the survey day rather than for the entire year. Our discussion of changes in number of residents over time, therefore, reflects changes in the census of residents from the surveys rather than volume of resident days during the course of a year.

Results

The results presented in this section address three subjects: the number and distribution of Medicaid certified nursing homes and nursing home beds, the distribution of residents by payment sources in different types of nursing homes, and the number of Medicaid residents across States. For each subject, comparisons are made for years 1987-89.

Total nursing homes and beds

Table 15.1 presents the distribution of nursing homes from 1987 through 1989 by Medicaid certification status. The total number of facilities increased from 12,606 in 1987 to 13,745 in 1989. A 4.9-percent increase between 1987-88 was followed by a 4.0-percent change between 1988-89. By type of certification, the proportion of facilities that provided care at the SNF level only increased from 17 percent in 1987 to 17.3 percent in 1988, to 18.3 percent in 1989. The percentage of facilities that provided both SNF and ICF levels of care also increased slightly over the 3 years, averaging close to 8 percent per year. The increase in facilities providing SNF level of care was partly offset by a decrease in the proportion of facilities that were certified for ICF care only. Although the changes in facilities by certification status were slight overall, the apparent shift toward certification for skilled level of care beginning in 1989 is consistent with the OBRA 1987 provision that effectively eliminated the SNF and ICF distinction by 1990, and the expected incentives of the MCCA provisions to serve more SNF patients under Medicare.

Table 15.2 presents the distribution of nursing home beds by the certification status of the facilities. The number of nursing home beds increased during the 3-year period from 1,264,327 in 1987 to 1,379,355 in 1989, a rate of 4.4 percent per year. In terms of the distribution of beds by Medicaid certification status of the nursing homes, the pattern of change from 1987 through 1989 mirrored that of the facilities. Tables 15.3-15.5 present the number and percent distribution of beds by Medicaid certification status for each State from 1987 through 1989.

Payment source distributions of residents

The total number of residents in the certified facilities increased from 1,147,468 in 1987 to 1,231,372 in 1989 (Table 15.6). The annual change from 1987 through 1989 was about 3.6 percent. In 1987, approximately two-thirds (66.1 percent) of the nursing home residents were Medicaid, whereas only 2 percent were Medicare. The remaining 32 percent of residents were financed mostly by private out-of-pocket sources. Although the

Table 15.3
Number and distribution of beds, by State and Medicaid certification status of nursing home: Calendar year 1987

State	Total beds	SNF-only	Percent	
			SNF and ICF	ICF-only
Alabama	19,461	2.3	92.9	4.8
Alaska	804	—	82.0	18.0
Arizona	9,016	100.0	—	—
Arkansas	23,455	77.9	—	22.1
California	99,811	86.4	11.5	2.1
Colorado	16,369	4.4	88.1	7.5
Connecticut	23,597	6.1	85.5	8.4
Delaware	3,859	18.6	70.0	11.5
District of Columbia	1,962	—	71.7	28.3
Florida	48,867	10.4	89.4	0.2
Georgia	28,806	7.3	85.9	6.8
Hawaii	2,488	28.1	44.3	27.6
Idaho	3,966	—	98.9	1.1
Illinois	76,156	5.3	71.2	23.5
Indiana	38,966	4.1	50.5	45.5
Iowa	30,920	1.8	8.1	90.1
Kansas	23,909	3.8	22.3	73.9
Kentucky	15,749	5.9	42.5	51.6
Louisiana	30,426	2.2	11.1	86.8
Maine	9,534	3.2	17.1	79.7
Maryland	20,561	3.7	68.5	27.8
Massachusetts	42,254	11.5	67.0	21.5
Michigan	42,453	6.4	71.9	21.7
Minnesota	35,206	4.5	81.4	14.1
Mississippi	12,337	17.3	73.6	9.1
Missouri	35,783	7.2	64.9	27.9
Montana	5,303	—	92.9	7.1
Nebraska	15,180	6.9	25.6	67.5
Nevada	2,353	68.7	23.5	7.8
New Hampshire	6,310	3.9	17.8	78.2
New Jersey	35,277	2.5	94.5	3.0
New Mexico	5,457	0.3	40.6	59.1
New York	93,216	46.2	49.3	4.5
North Carolina	18,347	13.0	71.9	15.0
North Dakota	6,206	—	78.9	21.1
Ohio	67,363	3.4	55.9	40.7
Oklahoma	31,760	14.9	—	85.1
Oregon	10,241	2.9	45.0	52.1
Pennsylvania	69,405	4.9	91.2	3.9
Rhode Island	9,179	1.2	81.6	17.3
South Carolina	10,163	9.1	78.2	12.7
South Dakota	7,153	1.5	65.9	32.7
Tennessee	28,830	2.4	38.2	59.4
Texas	101,159	4.2	26.0	69.8
Utah	6,592	—	75.1	24.9
Vermont	2,553	2.7	49.4	47.9
Virginia	25,364	15.5	42.6	41.9
Washington	21,769	3.1	92.8	4.1
West Virginia	7,037	3.8	42.5	53.8
Wisconsin	49,054	1.1	94.2	4.7
Wyoming	2,101	—	78.0	22.0

NOTES: SNF is skilled nursing facility. ICF is intermediate care facility.

SOURCE: Health Care Financing Administration: Data from the Medicare and Medicaid Automated Certification System.

payment source distribution in 1988 was very similar to that of 1987, by 1989, the proportion of Medicare residents had increased to almost 6 percent, with offsetting decreases in the proportions of Medicaid and private residents.

More dramatic than the comparisons of percent distributions of residents by payment sources are comparisons of percent changes between years for each of the payment sources. For example, in contrast to the

Table 15.4

Number and distribution of beds, by State and Medicaid certification status of nursing home: Calendar year 1988

State	Total beds	SNF-only	SNF and ICF	ICF-only
Percent				
Alabama	19,314	2.9	92.6	4.5
Alaska	803	—	76.3	23.7
Arizona	11,912	95.3	2.6	2.1
Arkansas	21,927	75.7	—	24.3
California	103,668	88.7	9.5	1.8
Colorado	17,212	4.8	87.3	7.8
Connecticut	24,276	6.8	84.6	8.7
Delaware	3,997	21.3	67.6	11.1
District of Columbia	1,915	—	58.3	41.7
Florida	52,471	11.1	88.7	0.2
Georgia	32,110	7.9	85.1	7.1
Hawaii	2,873	18.8	51.4	29.9
Idaho	4,567	—	99.0	1.0
Illinois	81,841	6.9	69.2	23.9
Indiana	40,510	3.6	55.0	41.4
Iowa	39,080	15.7	5.1	79.2
Kansas	23,957	3.9	20.2	75.9
Kentucky	16,465	5.9	43.8	50.4
Louisiana	30,666	1.7	12.4	85.8
Maine	9,718	3.1	17.5	79.4
Maryland	24,578	6.0	67.1	26.9
Massachusetts	43,059	10.4	68.8	20.8
Michigan	43,884	6.3	71.9	21.8
Minnesota	40,297	5.6	82.1	12.3
Mississippi	13,080	18.5	72.9	8.6
Missouri	37,479	7.7	65.8	26.5
Montana	5,670	—	92.3	7.7
Nebraska	15,477	5.0	26.5	68.5
Nevada	2,777	8.3	86.8	4.9
New Hampshire	6,445	1.4	19.9	78.7
New Jersey	36,415	2.6	95.1	2.3
New Mexico	5,378	—	38.8	61.2
New York	93,097	45.8	49.5	4.7
North Carolina	20,161	13.6	73.5	12.9
North Dakota	6,290	—	79.2	20.8
Ohio	74,630	4.4	58.1	37.6
Oklahoma	31,122	9.5	—	90.5
Oregon	13,127	3.0	46.9	50.1
Pennsylvania	69,739	4.3	90.5	5.2
Rhode Island	9,215	1.2	82.8	16.0
South Carolina	10,520	9.2	80.5	10.3
South Dakota	7,625	2.0	65.5	32.6
Tennessee	28,845	1.7	37.5	60.8
Texas	100,123	2.7	27.9	69.4
Utah	6,481	—	74.6	25.4
Vermont	3,262	3.1	63.9	33.0
Virginia	27,196	5.4	51.8	42.8
Washington	23,715	2.7	92.6	4.7
West Virginia	8,491	0.2	48.7	51.1
Wisconsin	49,315	0.2	95.5	4.3
Wyoming	2,358	—	81.5	18.5

NOTES: SNF is skilled nursing facility. ICF is intermediate care facility.

SOURCE: Health Care Financing Administration: Data from the Medicare and Medicaid Automated Certification System.

3.6-percent increase in total residents, the number of Medicare residents increased 13.7 percent between 1987-88, and 177 percent between 1988-89. The increase in Medicare residents was probably due to the new coverage guidelines that were implemented in 1988 and the MCCA provisions that were in effect throughout 1989. The proportion of Medicaid residents increased

Table 15.5

Number and distribution of beds, by State and Medicaid certification status of nursing home: Calendar year 1989

State	Total beds	SNF-only	SNF and ICF	ICF-only
Percent				
Alabama	19,482	2.6	93.3	4.1
Alaska	849	—	73.3	26.7
Arizona	13,185	98.1	1.5	0.5
Arkansas	24,108	77.3	—	22.7
California	102,895	90.5	8.1	1.4
Colorado	18,356	6.6	87.1	6.2
Connecticut	25,211	5.6	86.4	8.1
Delaware	3,670	11.3	80.1	8.6
District of Columbia	2,211	—	79.7	20.3
Florida	55,607	11.5	88.2	0.2
Georgia	35,664	7.9	85.8	6.2
Hawaii	2,489	38.4	34.9	26.7
Idaho	4,751	—	99.1	0.9
Illinois	83,715	8.0	67.5	24.5
Indiana	45,536	3.9	54.3	41.8
Iowa	38,522	15.2	6.6	78.2
Kansas	24,946	5.4	22.1	72.5
Kentucky	17,133	4.9	45.7	49.4
Louisiana	32,424	2.6	18.2	79.1
Maine	9,831	1.8	20.1	78.1
Maryland	24,321	3.3	80.5	16.2
Massachusetts	44,711	10.6	70.2	19.1
Michigan	41,814	5.3	75.1	19.7
Minnesota	41,539	7.1	81.5	11.4
Mississippi	13,318	22.7	69.3	7.9
Missouri	41,583	12.1	66.8	21.1
Montana	5,862	—	95.2	4.8
Nebraska	15,435	7.2	28.8	64.0
Nevada	3,054	82.3	15.5	2.2
New Hampshire	6,398	2.4	17.5	80.1
New Jersey	38,151	3.7	94.1	2.2
New Mexico	5,187	1.1	34.4	64.6
New York	95,373	46.1	49.1	4.8
North Carolina	21,224	13.0	74.7	12.4
North Dakota	6,141	—	81.8	18.2
Ohio	79,159	5.5	60.7	33.8
Oklahoma	29,775	3.2	3.7	93.1
Oregon	13,128	5.0	63.2	31.9
Pennsylvania	75,813	4.3	91.0	4.7
Rhode Island	9,524	1.2	84.2	14.7
South Carolina	11,390	11.4	80.7	8.0
South Dakota	7,820	1.9	66.4	31.7
Tennessee	31,224	2.5	46.7	50.8
Texas	104,774	4.0	32.9	63.1
Utah	6,493	0.2	75.7	24.2
Vermont	3,337	3.1	64.8	32.1
Virginia	27,183	3.1	54.5	42.3
Washington	24,599	2.3	93.8	3.9
West Virginia	8,833	1.3	52.4	46.2
Wisconsin	50,964	0.4	96.0	3.6
Wyoming	2,466	—	86.4	13.6

NOTES: SNF is skilled nursing facility. ICF is intermediate care facility.

SOURCE: Health Care Financing Administration: Data from the Medicare and Medicaid Automated Certification System.

by 3.9 percent between 1987-88, but the rate of increase declined to 0.7 percent between 1988-89. Private residents increased only 2 percent between 1987-88 and actually declined by 2 percent between 1988-89. Hence, the increased role of Medicare financing in 1989 appeared to have shifted the number of residents from Medicaid and private financing sources.

Table 15.6

Distribution of nursing home residents, by payment source: Calendar years 1987-89

Payment source	1987	1988	1989	1987-88	1988-89
				Percent change	
Total	1,147,468 (100.0)	1,187,278 (100.0)	1,231,372 (100.0)	3.5	3.7
Medicare	23,200 (2.0)	26,383 (2.2)	73,101 (5.9)	13.7	177.0
Medicaid	758,691 (66.1)	788,455 (66.4)	793,833 (64.5)	3.9	0.7
Other	365,577 (31.9)	372,440 (31.4)	364,438 (29.6)	1.9	-2.1

NOTE: Numbers in parentheses are column percentages: Numbers may not total to 100 because of rounding.

SOURCE: Health Care Financing Administration: Data from the Medicare and Medicaid Automated Certification System.

Table 15.7

Distribution of nursing home residents, by payment source and nursing home Medicaid certification status: Calendar years 1987-89

Certification status	1987	1988	1989	1987-88	1988-89
				Percent change	
SNF-only					
Total	168,936	176,462	190,210	5.1	7.3
Medicare	9,673 (5.7)	9,794 (5.6)	23,198 (12.2)	1.3	137.0
Medicaid	96,240 (57.0)	104,035 (59.0)	106,798 (56.1)	8.6	2.4
Other	63,023 (37.3)	62,633 (35.5)	60,214 (31.7)	0.5	-4.8
SNF and ICF					
Total	645,649	674,166	721,689	4.4	7.1
Medicare	12,571 (2.0)	16,407 (2.4)	49,843 (6.9)	30.5	203.8
Medicaid	434,600 (67.3)	454,133 (67.4)	466,986 (64.7)	4.5	2.8
Other	198,478 (30.7)	203,626 (30.2)	204,860 (28.4)	2.6	0.6
ICF-only¹					
Total	331,927	336,468	319,413	1.4	-5.2
Medicaid	227,851 (68.6)	230,287 (68.4)	220,049 (68.9)	1.1	-4.4
Other	104,076 (31.4)	106,181 (31.6)	99,364 (31.1)	2.0	-6.4

¹Medicare does not reimburse for nursing home care other than at a SNF level.

NOTES: Numbers in parentheses are column percentages: Numbers may not total to 100 because of rounding. SNF is skilled nursing home. ICF is intermediate care facility.

SOURCE: Health Care Financing Administration: Data from the Medicare and Medicaid Automated Certification System.

Payment source distributions by certification status of facilities

Table 15.7 presents the payment source distributions of residents by certification status of nursing homes. As a reflection of the increases in SNF only and SNF and ICF facility and beds, the number of residents increased in these facilities by about 5 percent between 1987-88 and by more than 7 percent between 1988-89. The number of total residents in ICF-only facilities also reflected changes in the bed supply of these types of facilities, showing a slight increase between 1987-88, and a decline of 5.2 percent between 1988-89. The percent change in Medicare residents between 1987-88 was only 1.3 percent in SNF only facilities, but 30.5 percent in the SNF and ICF facilities. Between 1988-89,

growth in the Medicare resident census was substantial for both SNF only (137 percent) and SNF and ICF (204 percent) facilities.

Between 1987-88, the SNF only facilities had greater increases than the SNF and ICF facilities in the percent of residents who were Medicaid (8.6 percent versus 4.5 percent), while Medicaid gains between 1988-89 were similar for the two types of facilities. However, because the SNF and ICF type of facility served four times as many Medicaid residents as the SNF-only facilities, the greater absolute growth in Medicaid patients served was in SNF and ICFs. In the ICF-only facilities, changes in Medicaid and private pay residents were similar. A slight increase between 1987-88 was followed by a decline of approximately 5 percent between 1988-89.

Table 15.8
Distribution of nursing home residents, by payment source and selected characteristics:
Calendar years 1987-89

Characteristic	1987	1988	1989	Percent change	
				1987-88	1988-89
Hospital-based	40,880	53,897	54,820	31.8	1.7
Medicare	3,748	4,986	8,747	33.0	75.4
Medicaid	24,981	33,891	32,236	35.7	-4.9
Other	12,151	15,020	13,837	23.6	-7.9
Freestanding	1,106,588	1,133,381	1,176,552	2.4	3.8
Medicare	19,452	21,397	64,354	10.0	200.8
Medicaid	773,710	754,564	761,597	-2.8	0.9
Other	353,426	357,420	350,501	1.1	-1.9
Non-profit	277,897	301,483	321,363	10.4	5.6
Medicare	7,146	9,511	19,867	33.5	109.5
Medicaid	160,037	173,068	181,201	10.1	3.7
Other	110,714	118,904	120,295	9.3	0.1
Proprietary	771,823	788,227	811,724	2.1	3.0
Medicare	13,848	14,868	47,863	7.4	221.9
Medicaid	523,162	539,198	539,057	3.1	-0.0
Other	234,813	234,161	224,804	-0.3	-4.0
Government	97,748	97,568	98,285	-0.1	0.7
Medicare	2,206	2,004	5,371	-1.2	168.0
Medicaid	75,492	76,189	73,575	0.9	-3.3
Other	20,050	19,375	19,339	-3.3	-0.2

SOURCE: Health Care Financing Administration: Data from the Medicare and Medicaid Automated Certification System.

Payment source distribution by facility characteristics

Table 15.8 presents proportion of residents by payment source from 1987 through 1989 for subgroups of nursing homes by hospital-based or freestanding status and by ownership. For each subgroup, the total number of residents, by payment source, is presented for each year. Also given are the percent changes between 1987-88 and between 1988-89 in the number of residents by each payment source.

Between 1987-88, hospital-based nursing homes experienced a growth of more than 30 percent in the number of residents served, with Medicaid residents increasing by 35.7 percent. Freestanding facilities had a much lower growth rate (2.4 percent) than hospital-based facilities, although the additional, absolute number of residents they served was higher than that of hospital-based facilities because the vast majority of nursing home patients in 1987 were residents of freestanding facilities. Between 1988-89, the number of Medicare residents served increased dramatically for both hospital-based (75 percent) and freestanding (201 percent) facilities. The numbers of Medicaid residents declined by almost 5 percent in hospital-based facilities and remained about the same in freestanding facilities.

Non-profit facilities increased their numbers of Medicare and Medicaid residents in 1988 and in 1989. Proprietary facilities had a major increase in Medicare residents in 1989 and basically had no change in Medicaid residents between 1988-89. Government facilities had virtually no change in the total number of residents from 1987 to 1989, and increases in Medicare residents were offset principally by decreases in Medicaid residents.

Percentage of residents who were Medicaid across States

Table 15.9 presents the number of Medicaid residents by State in 1987 and in 1989, and the number of Medicaid residents as a percent of total residents in those 2 years. The pattern of more than one-half of the States was that the number of Medicaid residents increased between 1987-89, whereas the percent of Medicaid residents declined between the 2 years. This result occurs because of the general increase in total residents between the 2 years: Medicaid resident growth tended to be lower than that of other payment sources. As seen in Table 15.6, Medicare was the major source of increase in number of residents between 1987-89 nationally.

Some States were exceptions to the general pattern. For example, New York, Texas, and Wisconsin had declining numbers of Medicaid residents as well as declining proportions of Medicaid patients. On the other hand, California, Kansas, and Massachusetts are examples of States that had increases in the percent of residents who were Medicaid, as well as absolute increases in the numbers of residents who were Medicaid. If most of the changes were because of increases in Medicare residents, nursing homes in the first group of States appeared to have been more responsive to the MCCA 1988 incentives to increase Medicare participation, whereas those in the second group were less responsive to those incentives.

Discussion

This chapter presented descriptive information on changes in the supply of Medicaid certified nursing

Table 15.9

Number of Medicaid residents and Medicaid as percent of total residents, by State: 1987 and 1989

State	Number of Medicaid residents		Medicaid as percent of total residents	
	1987	1989	1987	1989
Alabama	12,182	11,617	67.6	64.2
Alaska	471	504	88.8	86.4
Arizona	108	4,146	1.9	40.0
Arkansas	14,740	14,747	80.9	78.9
California	44,186	49,080	57.5	58.7
Colorado	8,947	9,471	62.3	62.1
Connecticut	14,749	15,354	65.3	64.3
Delaware	1,306	1,380	40.5	42.6
District of Columbia	1,480	1,589	83.0	87.6
Florida	26,035	28,307	59.6	58.6
Georgia	21,235	25,242	78.0	77.4
Hawaii	1,445	1,737	80.7	77.6
Idaho	2,007	2,230	59.0	59.7
Illinois	39,331	40,443	61.1	59.7
Indiana	19,226	20,223	64.0	62.2
Iowa	13,108	13,415	49.5	49.1
Kansas	9,884	10,558	47.0	49.1
Kentucky	10,512	11,143	72.5	70.9
Louisiana	21,109	21,764	80.5	78.9
Maine	6,786	6,952	75.5	75.5
Maryland	11,970	13,610	65.2	63.7
Massachusetts	28,290	29,263	71.8	72.3
Michigan	27,421	24,249	70.4	65.1
Minnesota	20,472	21,891	62.3	57.1
Mississippi	9,522	9,555	79.3	75.5
Missouri	18,381	18,924	62.5	58.0
Montana	2,959	3,205	62.2	60.1
Nebraska	6,145	6,200	48.1	45.4
Nevada	1,411	1,364	66.5	53.0
New Hampshire	3,671	4,118	63.6	68.6
New Jersey	21,859	22,061	69.3	67.5
New Mexico	2,952	3,022	65.7	64.8
New York	70,006	68,633	77.7	75.2
North Carolina	12,865	13,635	74.1	71.4
North Dakota	3,280	3,127	57.0	54.9
Ohio	33,100	41,878	64.1	64.6
Oklahoma	14,054	14,220	63.0	63.3
Oregon	5,369	6,537	58.8	57.7
Pennsylvania	38,968	40,826	61.7	58.7
Rhode Island	6,540	6,301	73.3	69.8
South Carolina	6,708	6,836	71.3	68.2
South Dakota	3,686	4,085	54.6	55.7
Tennessee	18,930	20,180	71.9	70.9
Texas	52,837	51,427	69.1	66.3
Utah	3,251	3,069	65.6	61.4
Vermont	1,561	1,929	64.3	62.5
Virginia	13,858	14,723	67.6	67.0
Washington	12,698	14,170	65.6	65.5
West Virginia	4,325	5,372	74.8	73.2
Wisconsin	32,075	30,200	70.4	65.7
Wyoming	1,194	1,323	64.4	64.7

SOURCE: Health Care Financing Administration: Data from the Medicare and Medicaid Automated Certification System.

home beds and residents from 1987 to 1989. Changes in the number or growth rate of nursing homes and beds by certification status suggest that industry responses to the OBRA 1987 provisions were beginning to occur by 1989. Specifically, the declining number of facilities that were certified ICF only from 1987 to 1989 would be expected in light of the OBRA requirements that effectively eliminated the SNF and ICF distinction. Nationally, there was a loss of 10,000 beds in ICF-only facilities and a gain of 30,000 beds in SNF-only facilities from 1987 to 1989.

From 1987 through 1989, the number of nursing home residents on a given day increased by about 3.6

percent per year. During this period, the number of Medicaid residents increased by 35,000 and the number of Medicare residents increased by 50,000, whereas the number of private patients remained about the same. The major increase in Medicare residents suggests that both the 1988 coverage requirements and the incentives provided by the MCCA SNF provisions had a marked effect on Medicare SNF utilization. The increase in Medicare SNF residents appears to have offset expected increases in both Medicaid and private pay residents, although further analysis is required to test this point. Our results indicated that number of private residents decreased during the period 1987-89. The number of

Medicaid residents increased, but became a smaller proportion of total residents, both nationally and for most States.

Finally, despite the major changes in the percent of Medicare residents from 1987 to 1989, the vast majority of nursing home residents continued to be assisted by public funds from Medicaid; whereas 66 percent of residents were Medicaid recipients in 1987, 64 percent were Medicaid recipients in 1989. Moreover, because of the repeal of the MCCA SNF provisions, growth in Medicaid residents per day could be expected to increase after 1989.

References

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