



# Potential Impact of Consensus Reform on Resident Access to Nursing Facility Services

HFS Analysis of Recent Closures and Local Alternatives to Reform-Sensitive Facilities

February 1, 2022



A consistent refrain from those who oppose the HFS consensus proposal is that facilities might close, with the implication that those closures would put Medicaid residents at risk.

**HFS does not believe closures are likely from this reform (see next slide).**

However unlikely, in the event of any closures, HFS wants to ensure residents have access to the services they need. So, HFS further conducted a time and distance analysis of nursing facility access near reform-sensitive facilities.

**The analysis showed that in the unlikely event of a closure, residents will not be at risk because they will still have access to the services they need at other nearby facilities.**



# Are Medicaid-supported residents at risk from closure?

## A look at historic trends in nursing home closures

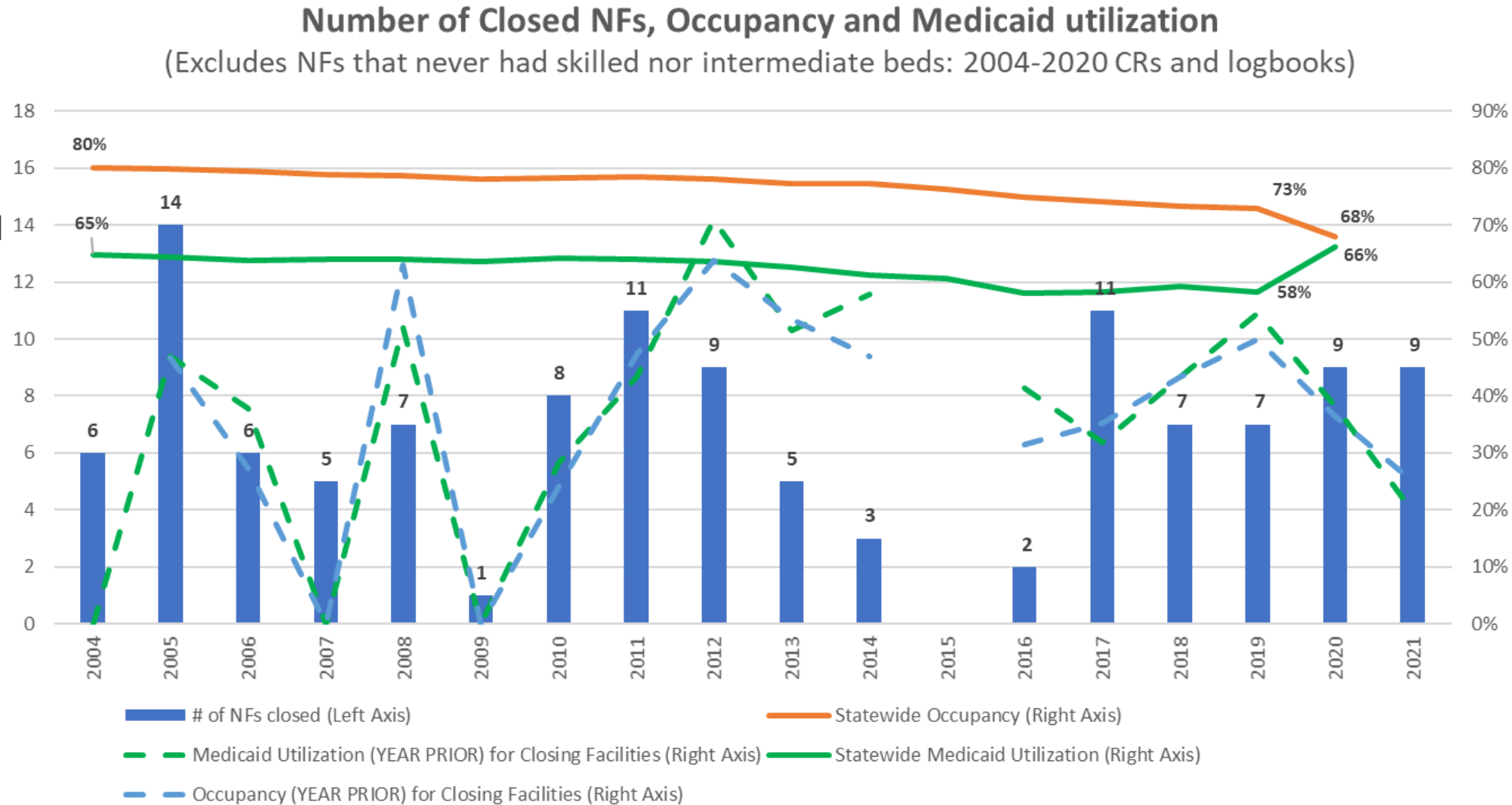
Recent trends in closure do not indicate that Medicaid-supported residents are at risk.

Closed facilities' Medicaid utilization tends to be *far* below average.

Closed facilities -- not surprisingly -- had below average occupancy.

To date, the pandemic has not increased closures.

In 2020 statewide occupancy fell but Medicaid utilization rose.





# What do nursing facility closures tell us about reform's potential impact on viability?

## Results of historical analysis of nursing home closures

- Closures haven't increased markedly since the pandemic's onset.
- Closed facilities tend to have *below-average occupancy and Medicaid utilization* in the year before closure (in other words, Medicaid rates do NOT explain closures)
- Additional review of nursing facility closures indicates that:
  - Recently-closed facilities tend (strongly) to be well-staffed: *Only 2* were below their STRIVE target.
    - **Meaning they would have been helped by the HFS consensus proposal, had it been implemented.**
  - The number of for-profit closures has been notably consistent.
  - The mixture of for-profit vs other closures has also been consistent.

## Implications

- Past closures do not predict future closures for high-Medicaid or reform-sensitive facilities.
- Closed facilities do not look like the reform-sensitive facilities identified by HCCI and HFS.
- Consensus reforms would increase marginal revenue for well-staffed homes like those that have typically closed (and those that may have permanently lost occupancy to the pandemic).

However unlikely, in the event of any closures, HFS wants to ensure residents have access to the services they need. So, HFS further conducted a time and distance analysis of nursing facility access near reform-sensitive facilities.

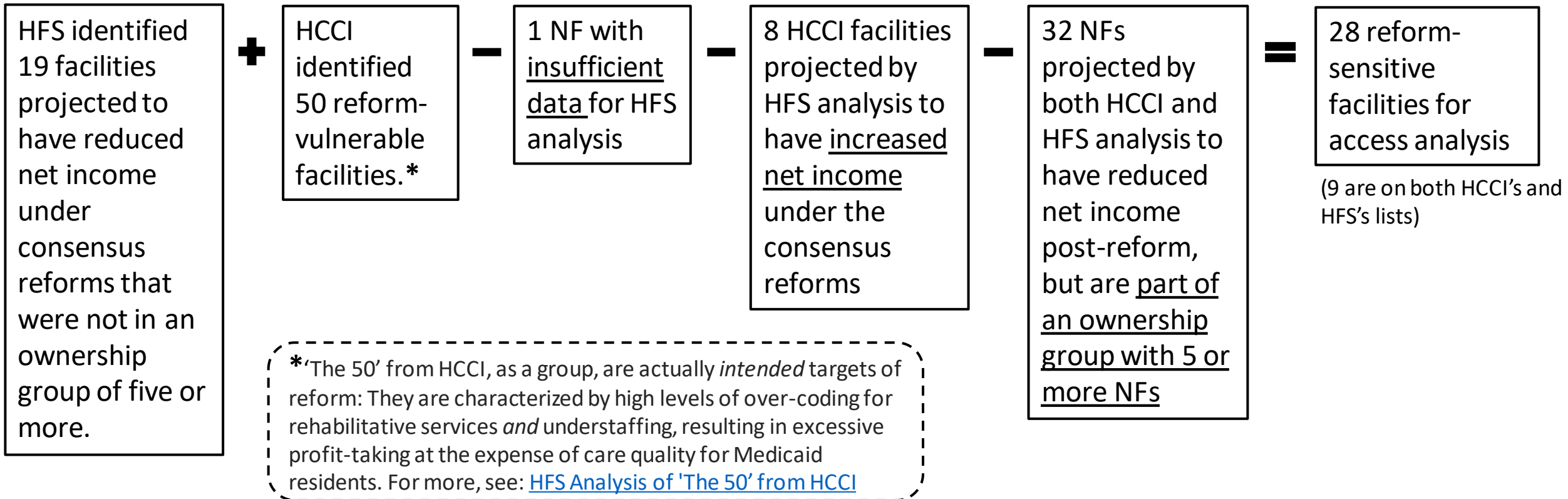
The analysis showed that in the unlikely event of a closure, residents will still have access to the services they need at easily accessible nearby facilities.



# Defining “reform-sensitive” facilities for access analysis:

Even though closures due to reform are not likely, HFS created a list of “reform-sensitive” facilities to test out member access in the unlikely event of a closure. HFS considered a facility “reform-sensitive” if it was projected to potentially lose net income post-reform AND was not a member of a diversified ownership group with 5 or more facilities.

## The “reform-sensitive” list for the access analysis:





# Would resident access to services be put at risk by consensus reforms?

HFS next identified nearby alternatives for residents in reform-sensitive facilities.

- HFS searched for the 4 nearest nursing facilities to each of the reform-sensitive facilities. A nearby facility was considered an alternative only if:
  - Its level of occupancy was less than 90% in the most recently obtained federal data
  - It was not among the 28
  - It possessed licensed skilled or intermediate beds
- The study on the next slide measures “nearness” using industry-standard drive time and driving distance software.



# Do residents of reform-sensitive facilities have alternatives? YES.

## How to read this chart

The **blue line** indicates the **maximum drive time** among the four closest alternatives to the reform-sensitive facilities on this chart (not the minimum or average).

The **red bars** represent the number of **residents in a reform-sensitive facility**.

The **green bars** represent the total number of **available beds** in that facility's four alternatives.

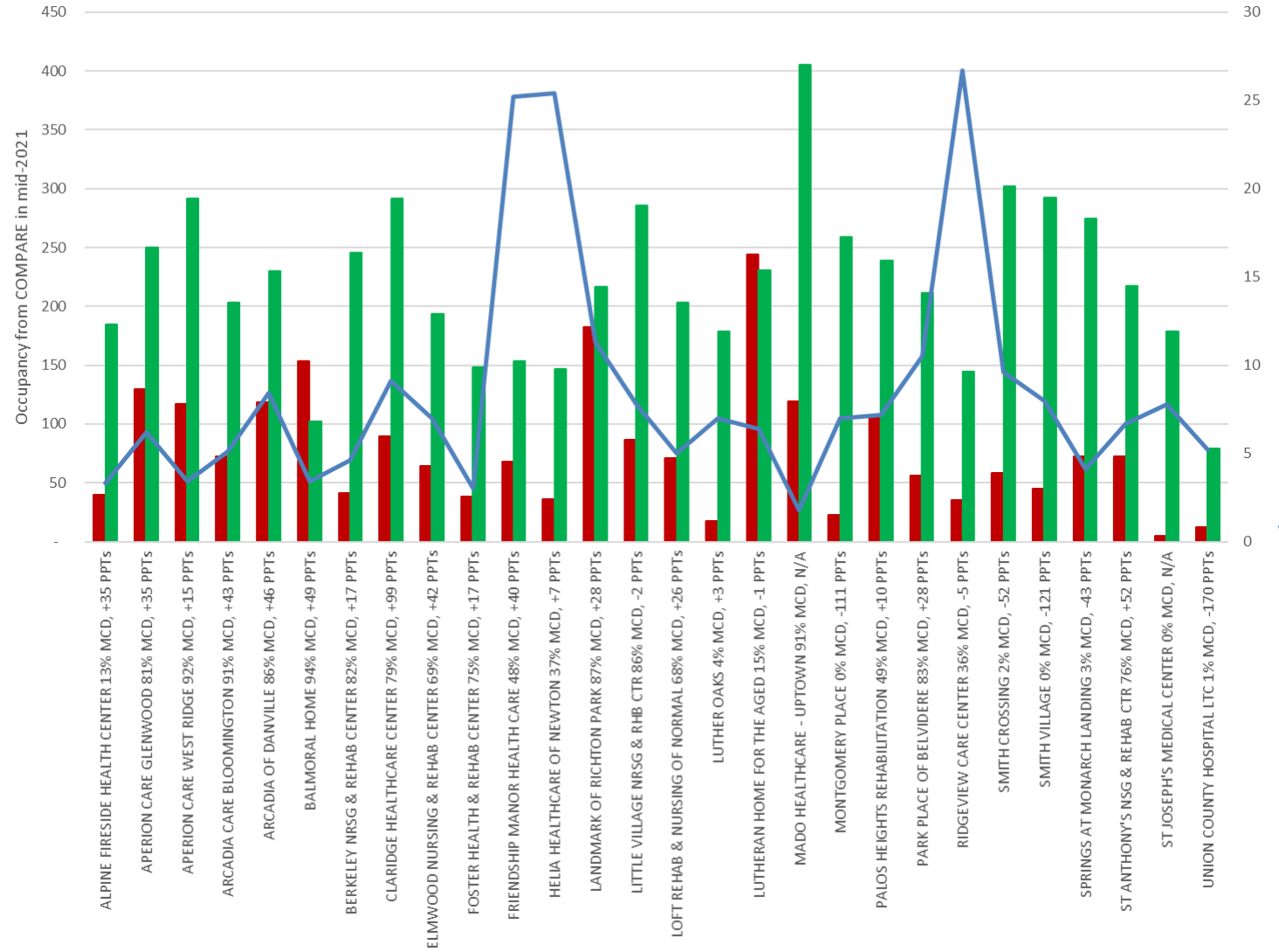
Next to the facility's name is its Medicaid utilization and the increase or decrease in nurse staffing levels for residents in a hypothetical move to one of the four alternative facilities.

### Key take away

There are **VERY few residents in reform-sensitive facilities** who would have to drive significantly farther or experience lower staffing in an alternative facility.

- # Daily Occupants in reform-sensitive NFs (left axis)
- Sum of Unused Beds Per Day in 4 Nearest NFs v. 92% Occupancy (left axis)
- Maximum drive time (in minutes) to 4 nearest alternative facilities (right axis)

### Detailed Access Comparison for Reform-Sensitive Facilities



Facility Name, Medicaid Utilization, Avg. change in STRIVE staffing ratio for residents moving to one of the four alternative facilities





# Do residents of reform-sensitive facilities have alternatives?



**Red** = 28 reform-sensitive facilities

**Green** = 4 nearest alternatives

## Key Result

For 25 out of the 28 homes we find to be potentially sensitive to reforms, there is *at least* one home within 10 minutes with available beds and a history of meaningful Medicaid utilization. Only 3 have no alternatives within 10 minutes, but they have alternatives within 30 minutes. For two out of those three, staffing levels would be higher in the slightly more distant alternatives (see previous)

**Again, HFS does NOT believe closures are likely. But in the *unlikely* event of a closure, this analysis raises an important access question for residents:**

“Which is better, possible closure of a small number of generally under-performing facilities, and a move to a facility within 10 minutes that is likely better performing, or continued residence in the original facility?”



# Very few residents are at risk of facility closure due to the impact of Consensus reforms

- On average, the nearest 4 alternative nursing facilities are within minutes (single digits) of the reform-sensitive facilities included in this analysis
  - Only 3 of 28 reform-sensitive facilities' nearest alternative NFs were 20+ minutes away in Studies 1 and 2
- The nearby facilities do serve Medicaid residents. The average Medicaid utilization of nearby alternative facilities generally ranges from 50-80%
- In all but one case, the nearest 4 alternative facilities have enough unused capacity (v. 92% occupancy standard) to accommodate the current residents of reform-sensitive facilities.

IN SUM:

HFS does not believe closure is likely.

In the event of closure, residents will still have easy access to nearby facilities to meet their needs.