



CALIFORNIA
HEALTHCARE
FOUNDATION

SNAPSHOT Nursing Homes: A System in Crisis

2004

A Crisis in Care

The number of Californians age 65 and over is projected to double in the next decade. Many of the facilities slated to provide long-term care for these individuals already operate with deficits in staff and operating budgets. High staff turnover among poorly paid personnel contributes to poor quality of care.

Serious problems in California’s nursing homes include:

- Only a small percentage meet the standards recommended for good nursing care.
- Many show clinical signs of poor care: high percentages of residents who lose weight, are left in bed all or most of the time, and are placed in physical restraints.
- Most do not meet government compliance standards for care and safety during routine inspections—and a number have had serious violations of both state and federal regulations.

With an ample number of beds available, however, Californians do have choices and can often find a bed in a facility that provides good quality care. This snapshot examines the current state of California’s long-term care facilities* as they face growing demands and diminishing resources.

*Unless otherwise indicated, long-term care facilities refer to all hospital-based and freestanding institutions, including skilled nursing and intermediate care facilities.

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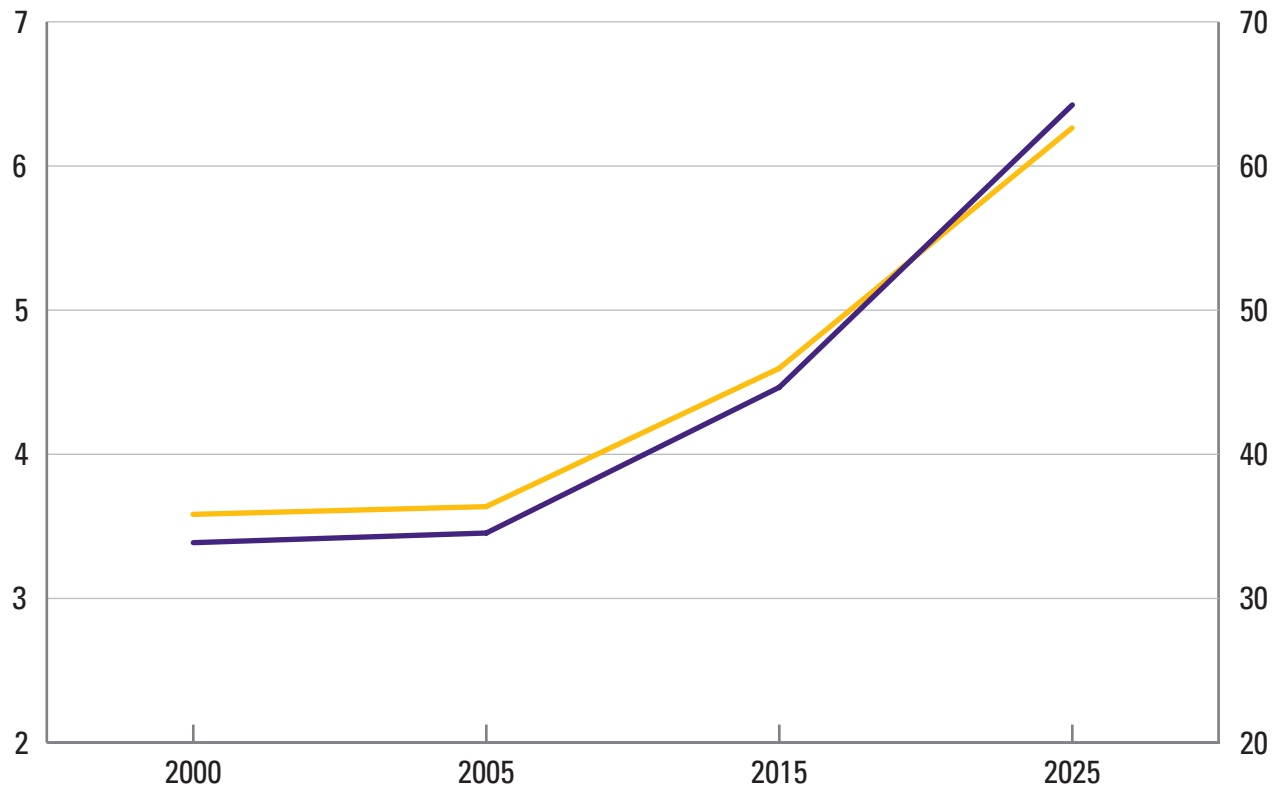
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California's Population Is Aging

Californians
Age 65 and Older (millions)

U.S. Residents
Age 65 and Older (millions)



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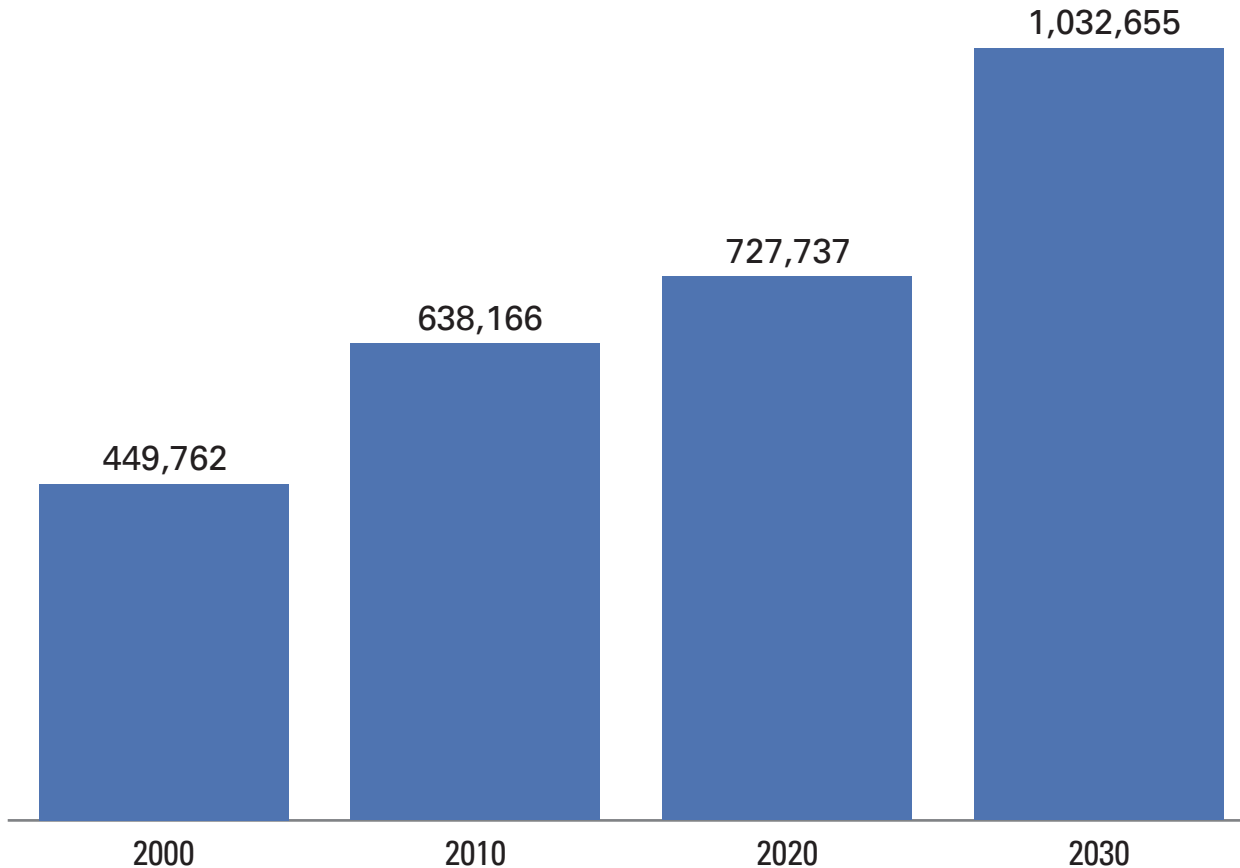
As the population ages, the demand for long-term care services will increase. The number of California residents age 65 and over is projected to **nearly double** by 2025—a larger growth rate than any other state or the United States overall (75 percent).

CA	3.387	3.454	4.465	6.424
U.S.	35.835	36.370	45.959	62.641

Source: U.S. Census Bureau, 2003: State Population Projections and Population Projections Program, Population Division.

More Frail Elderly, More Care Needed

Californians, Age 85 and Older



Source: California State Department of Finance, Demographic Research Unit. CDC Life Expectancy. www.cdc.gov/nchs/data/hus/tables/2003/03hus027.pdf

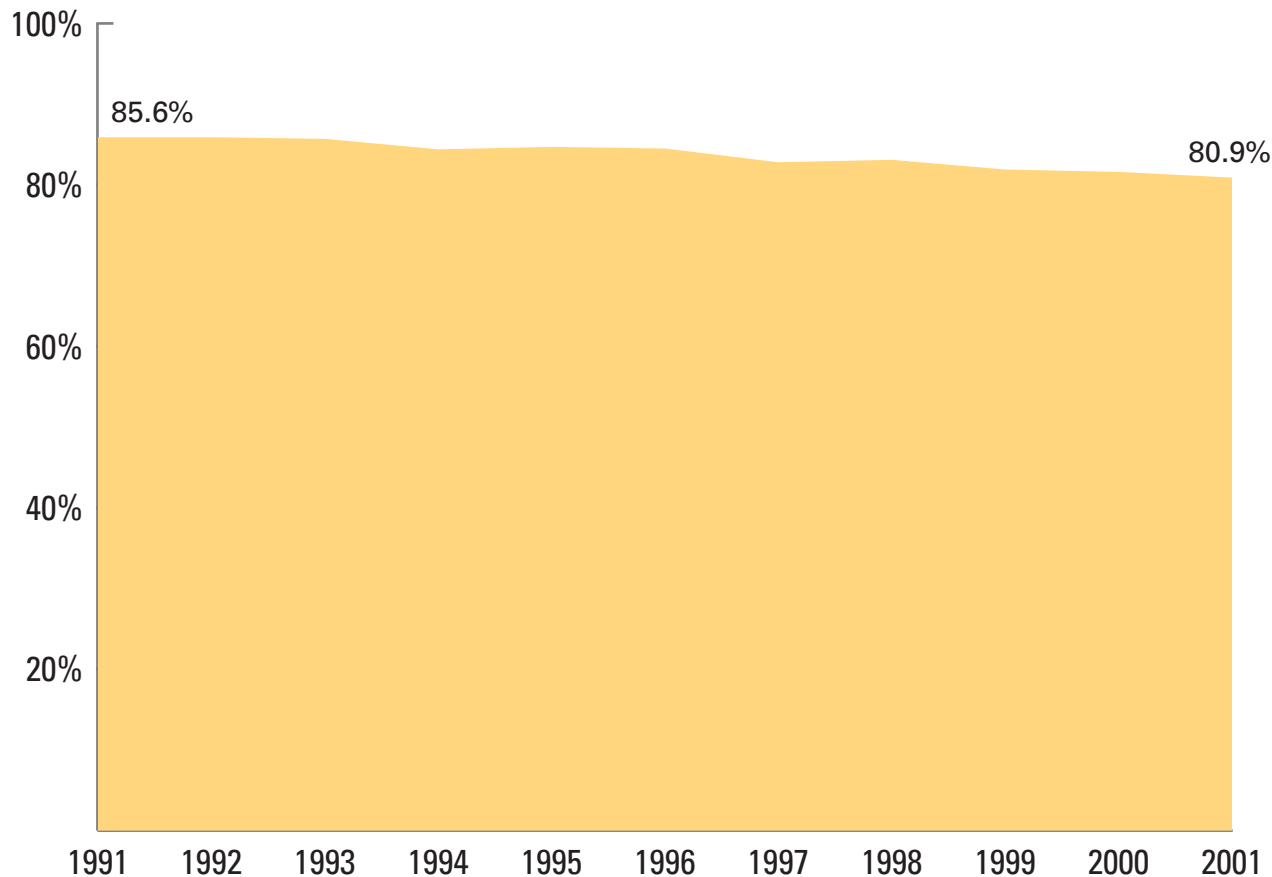
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Americans are living longer. In 2001, the life expectancy was 77.2 years, compared to 75.5 just ten years earlier. The number of California residents age 85 and older—those who are most likely to need long-term care at home or in nursing homes—is likely to more than double by the year 2030, when the bulk of baby boomers will come of advanced age.

No Shortage of Space

Bed Occupancy Rates in California Long-term Care Facilities



Source: California Office of Statewide Health Planning and Development (OSHPD): *California Long-Term Care Services Statewide Trends, 1991 to 2000 and 1992 to 2001*.

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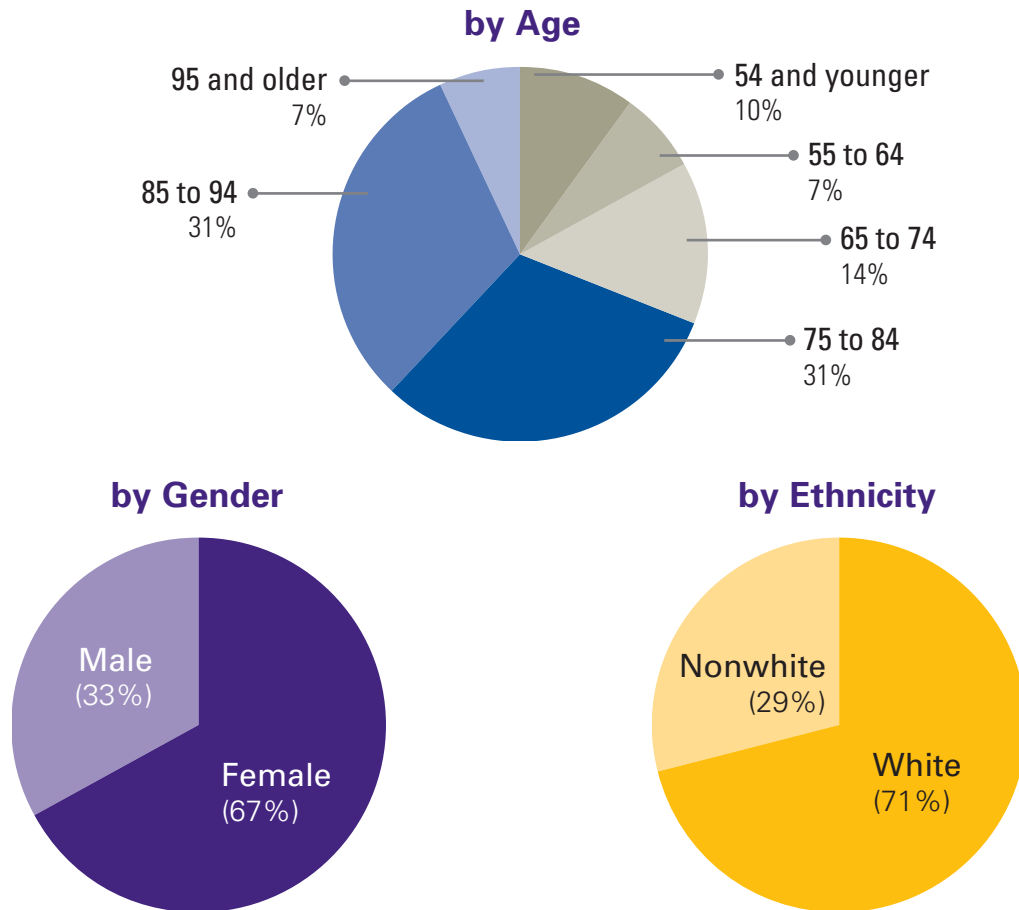
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Despite the growth of the aging population, fewer beds in the state's 1,400 skilled nursing facilities are being used because more older Californians are able to live independently or receive care at home. The increased vacancy rate in nursing homes gives consumers greater choice in most areas of the state.

A Look at the Residents

More than 110,000 individuals live in California's long-term care facilities. The majority of residents are 75 or older, female, and white.

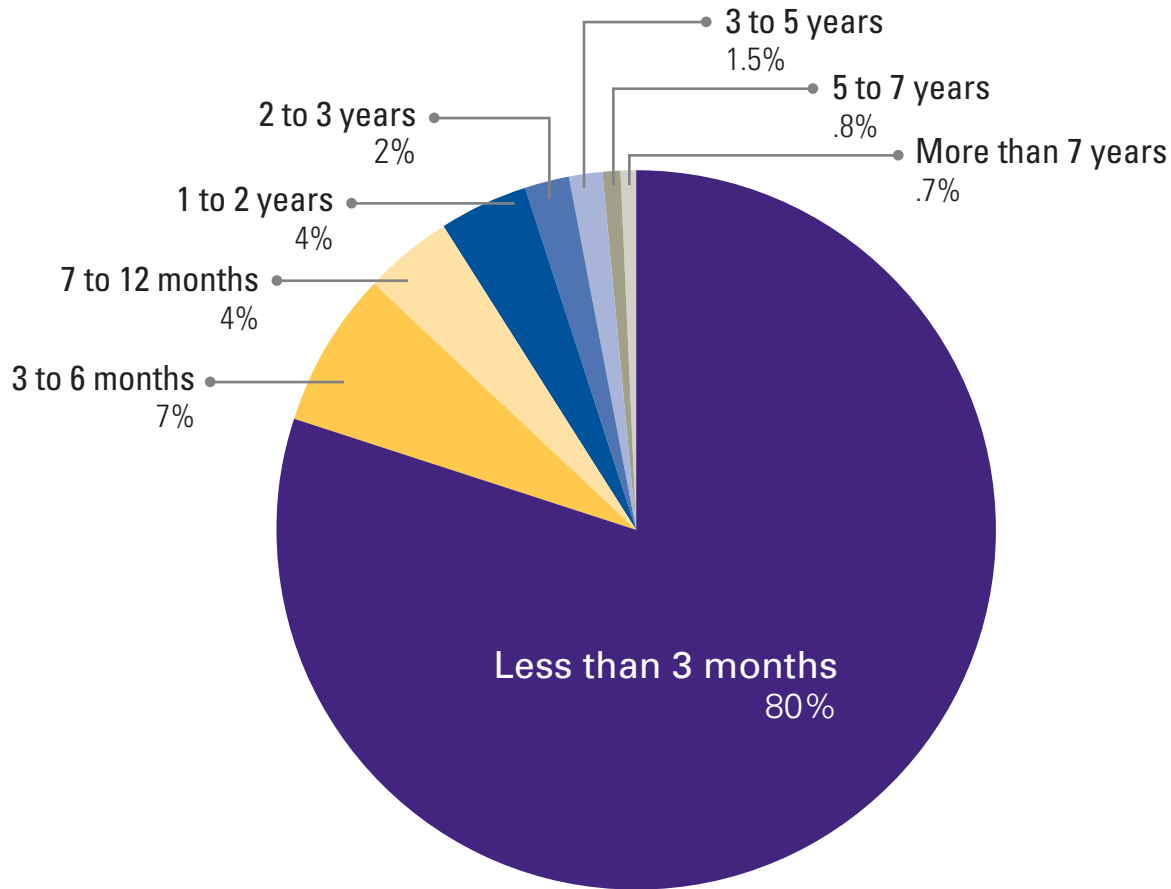
Residents of California Long-term Care Facilities, 2001



Source: California Office of Statewide Health Planning and Development (OSHPD): *California Long-Term Care Services Statewide Trends, 1992–2001*.

How Long They Stay

Length of Stay in California Nursing Homes, 2001



Source: State of California, Health Care Quality and Analysis Division: *Annual Utilization Reports of Hospitals and LTC Facilities, 1992-2001.*

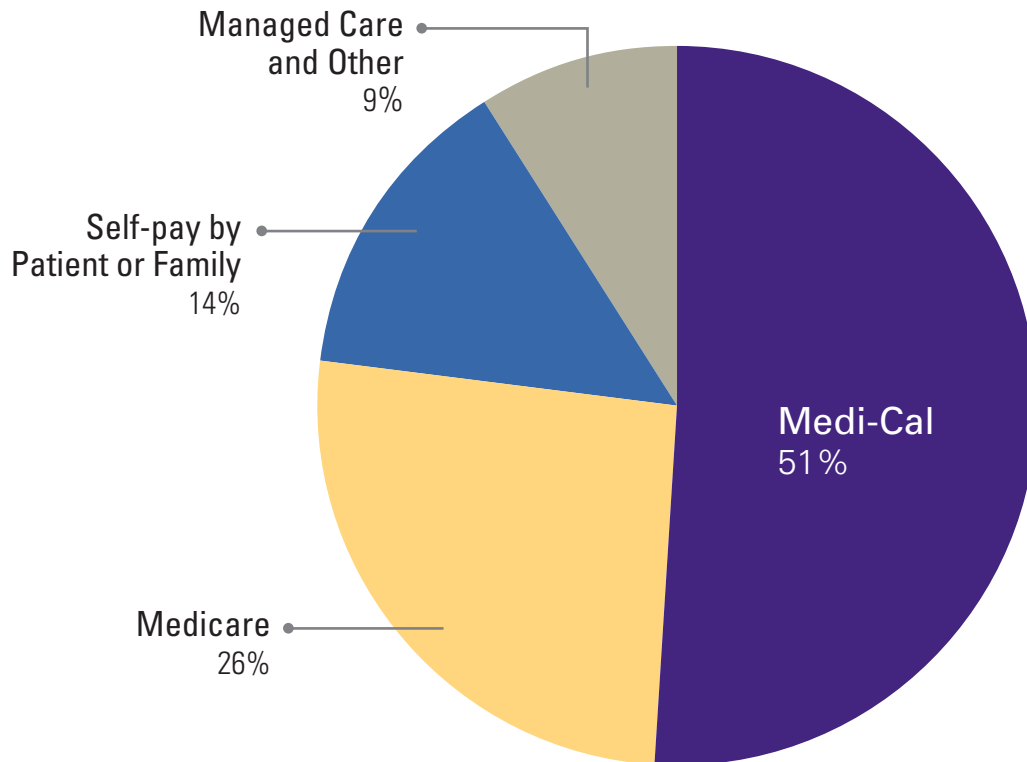
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The majority of those who enter a nursing facility need care temporarily to recuperate or rehabilitate after an illness or hospital stay. Others live there for the rest of their lives.

Who Pays for Nursing Home Care

2002 Total Expenditures* in California: \$6.6 billion



*California nursing home population was comprised of 1,238 hospital-based and 179 freestanding (non-hospital-based) homes.

Source: State of California, Office of Statewide Health Planning and Development, 2003: *LTC Annual Financial Data, 1/1/02 to 12/31/02 and Hospital Financial Data, 1/1/2002 to 6/30/2002.*

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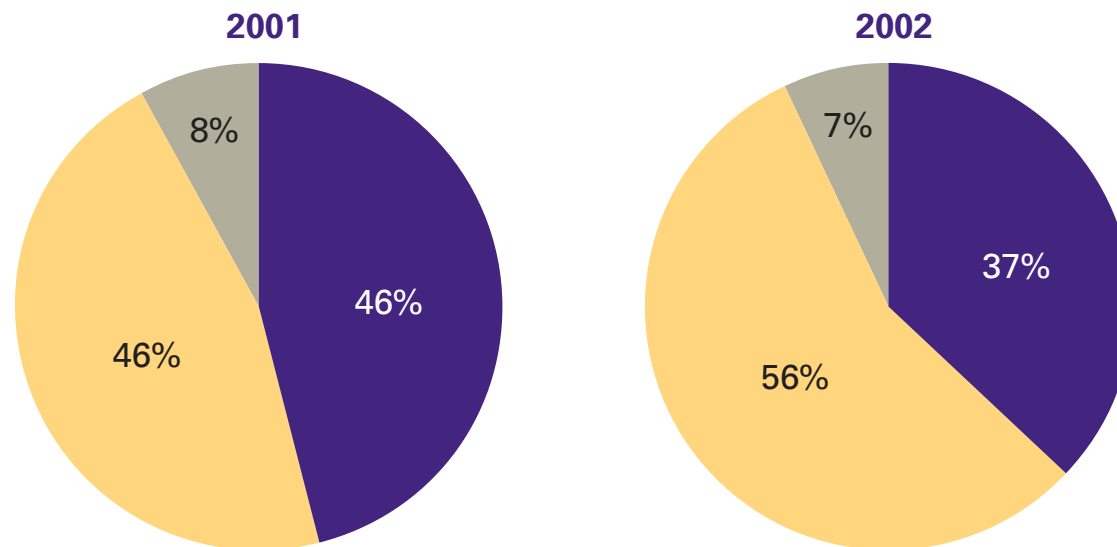
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Medicare will only pay for approved short-term care up to 100 days. After Medicare and private insurance benefits are used, individuals and their families must pay for nursing home care directly out-of-pocket—almost **\$1 billion** in 2002. Once individuals spend their income and assets, they may become eligible for Medi-Cal coverage, which paid more than half of the cost of care in freestanding facilities in 2002.

Nursing Care

Hours of Nursing per Resident per Day in California

Staffing Levels



Sources: University of California School of Nursing, *Annual Report for California Nursing Home Search*, San Francisco, CA, 2003; Office of Statewide Health Planning and Development, 2003: *Long-Term Care Annual Financial Data for 2001 and 2002*; U.S. Centers for Medicare and Medicaid Services: *Appropriateness of Minimum Nurse Staffing Ratios in Nursing Homes, Report to Congress*, 2001.

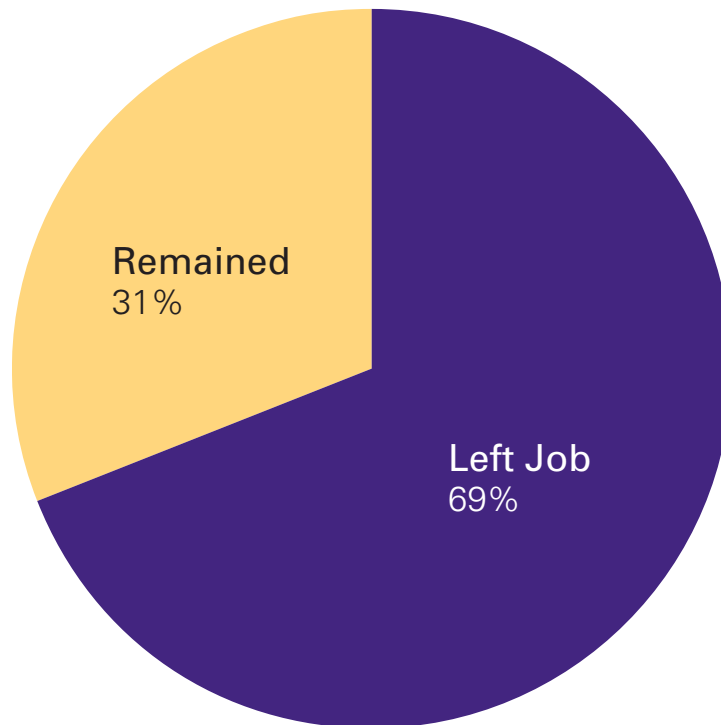
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In 2002, well over **one-third** of freestanding nursing homes did not meet the state mandated minimum nurse staffing level of 3.2 hours per resident. **Ninety-three percent** did not meet the 4.1 hour daily standard recommended in a recent report to Centers for Medicare and Medicaid Services.

Staff Turnover

California Nursing Staff Who Left Their Job, 2002



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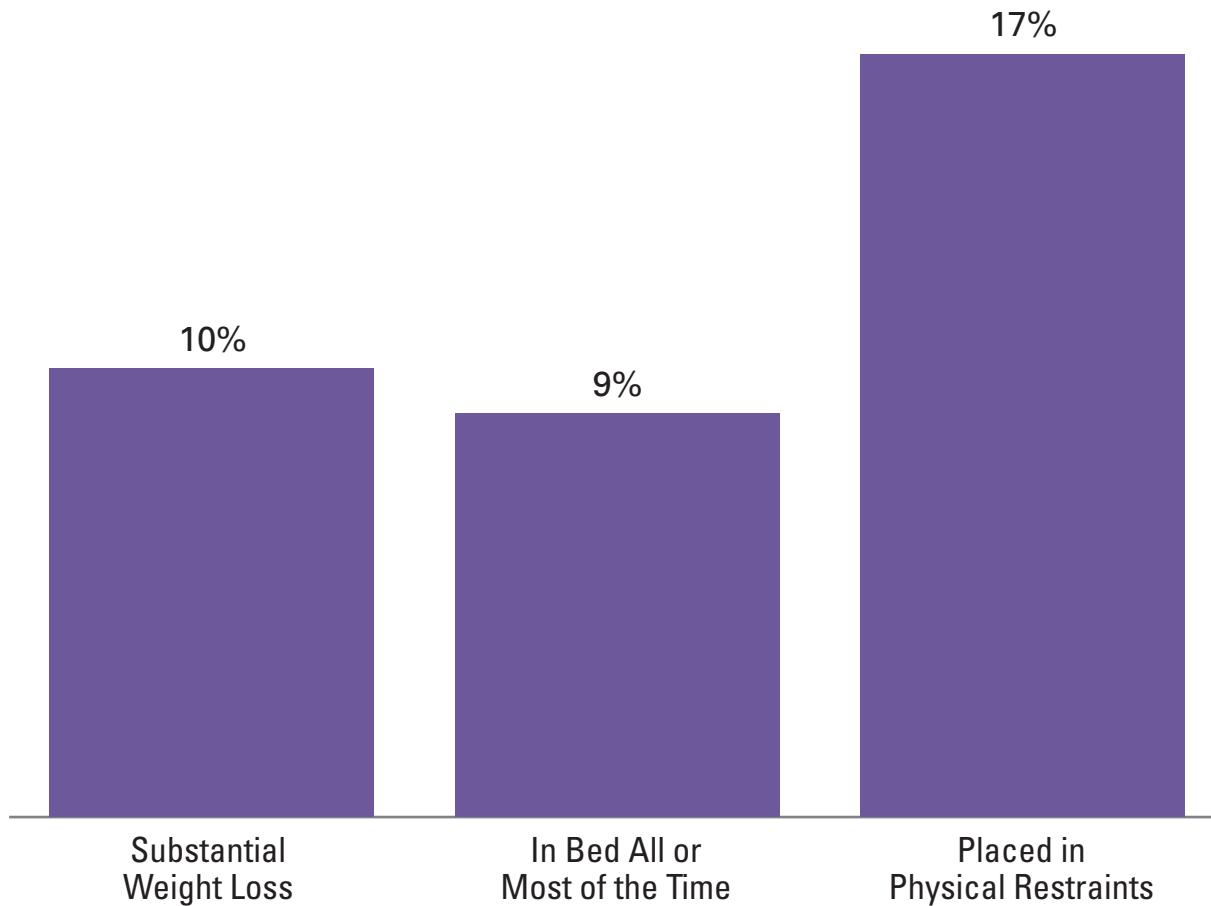
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More than **two-thirds** of the nursing staff in California freestanding nursing homes (the majority of them nursing assistants earning an average of \$10.35 per hour), left their jobs in the year 2002. The annual turnover rates among nursing homes ranged from **5 percent to 304 percent.**

Sources: Office of Statewide Health Planning and Development, 2003; Long Term Care Financial Data, 2002; and Harrington, C. & Swan, J.H., 2003: *Nursing Home Staffing, Turnover, and Case Mix. Medical Care Research and Review.*

Quality of Care

Problems with Residents in California Nursing Homes, 2002



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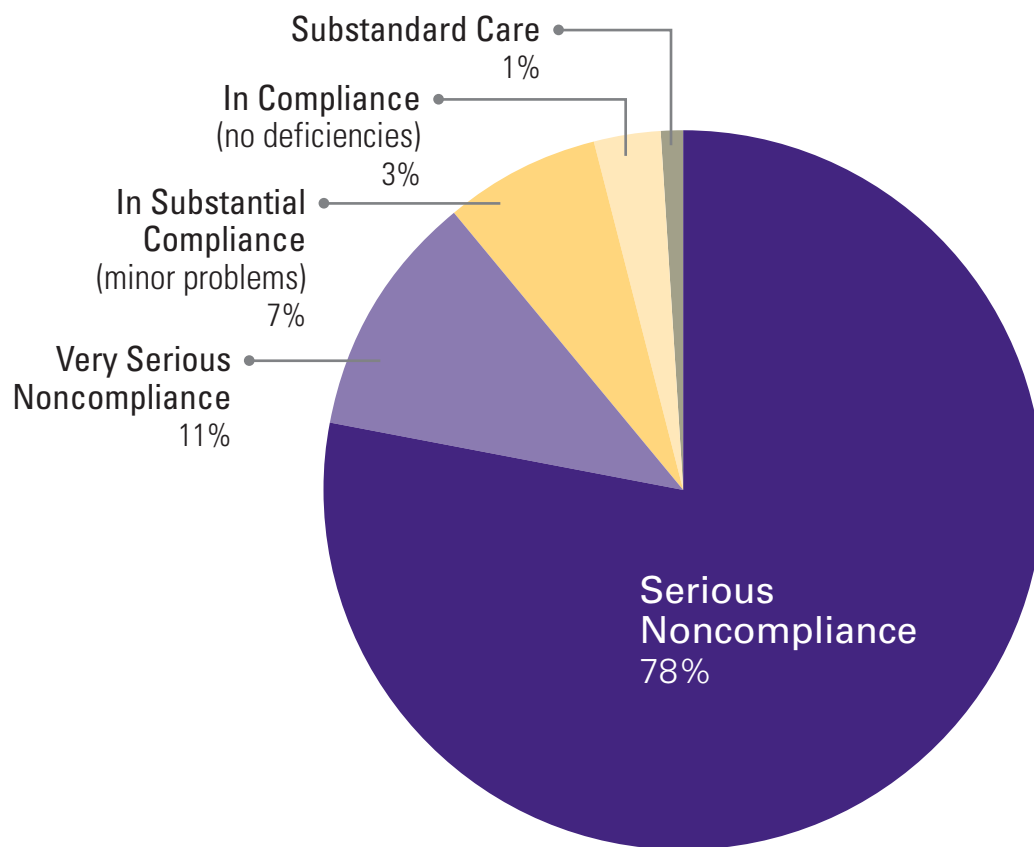
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Weight loss, time spent in bed, and use of physical restraints commonly indicate poor quality of care for residents in nursing homes.

Source: University of California School of Nursing, *Annual Report for California Nursing Home Search*, San Francisco, CA. 2003.

Violations of Federal Regulations

Federal Inspection Findings of California Nursing Facilities, 2002



*12 percent combines “Substandard Care” and “Very Serious Noncompliance.”

Source: University of California School of Nursing, *Annual Report for California Nursing Home Search*, San Francisco, CA. 2003.

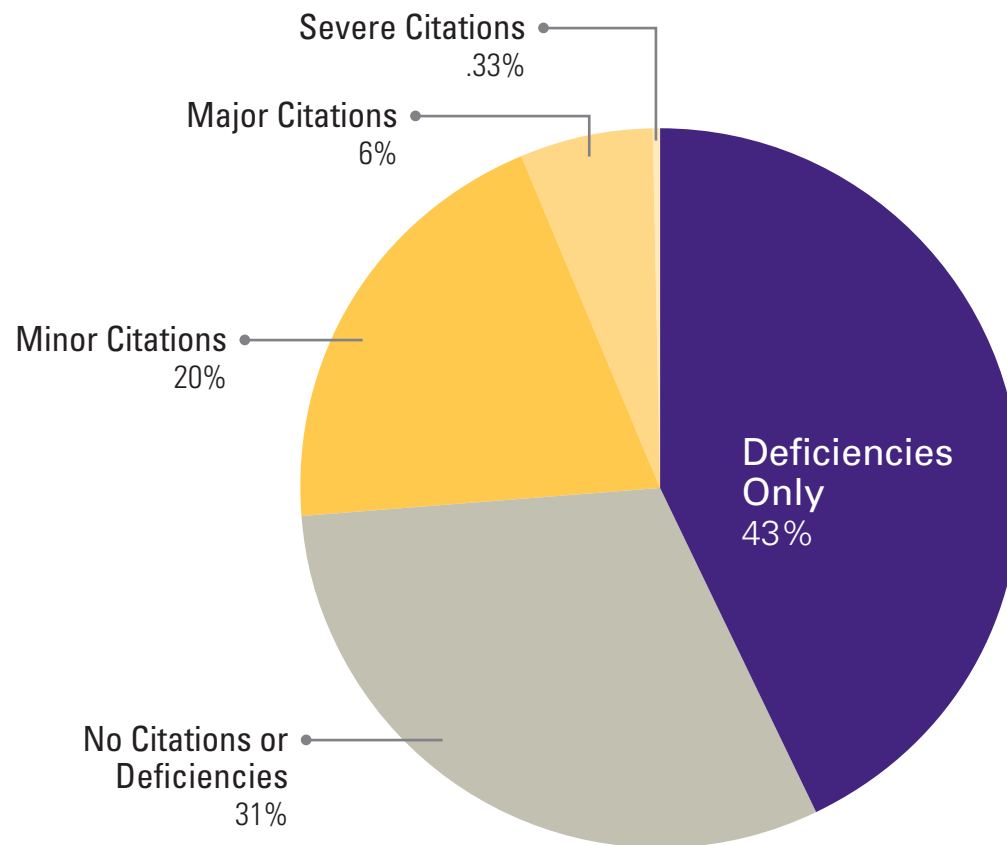
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Seventy-eight percent of all California nursing homes surveyed in 2002 did not comply with federal care and safety regulations during mandatory inspections and another **12 percent** were cited for very serious quality of care problems.*

Violations of State Regulations

State Inspection Findings of California Nursing Facilities, 2002



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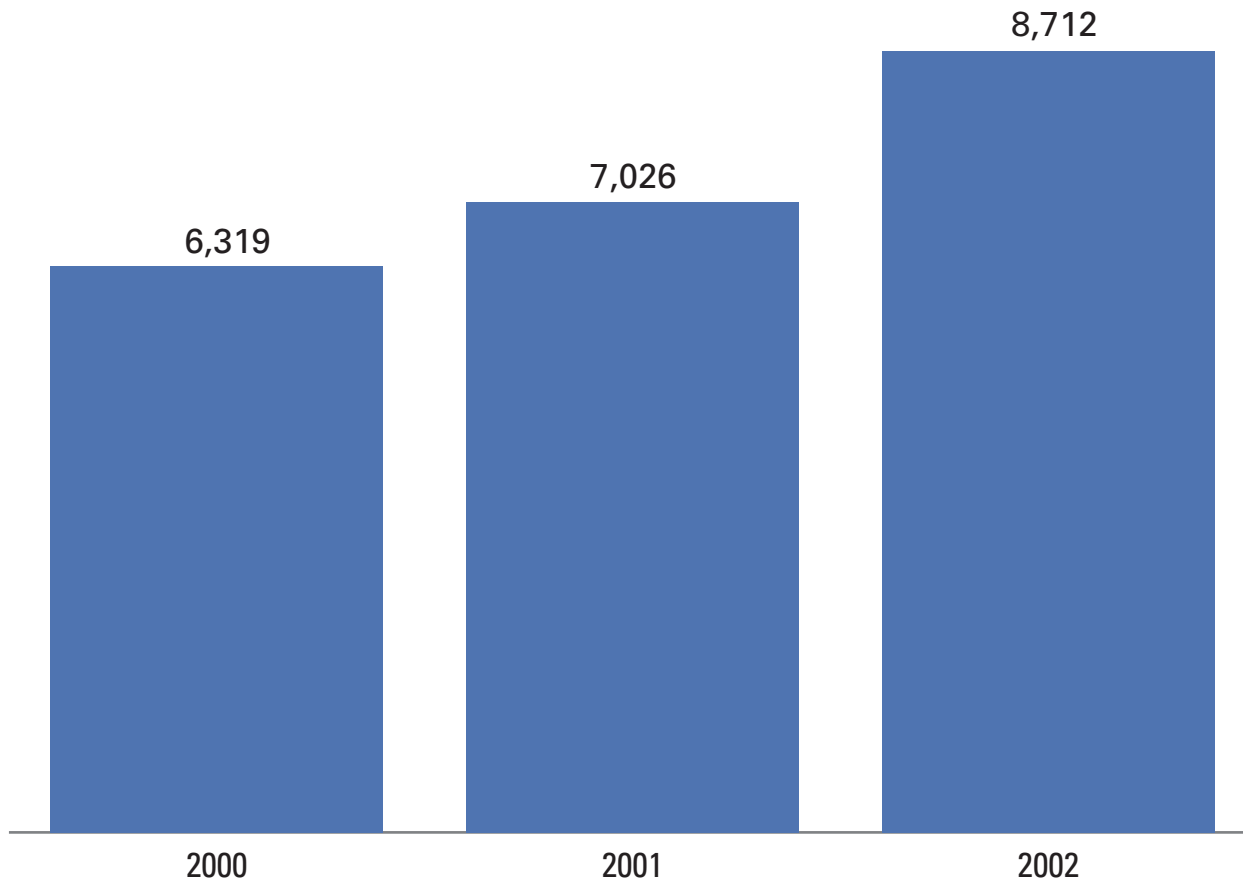
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The state has separate standards that nursing homes must meet. Nursing homes are issued state deficiencies as warnings to correct minor problems and given citations as fines for more serious violations. **Fewer than one-third** of the facilities in California were free of these state sanctions in 2002.

Source: University of California School of Nursing, *Annual Report for California Nursing Home Search*, San Francisco, CA. 2003.

Complaints Filed

Number of Complaints Filed Against California Nursing Homes



*Includes complaints submitted to the California Department of Health Services Licensing and Certification program by residents, their families, staff, and ombudsman.

Source: University of California School of Nursing, *Annual Report for California Nursing Home Search*, San Francisco, CA. 2003.

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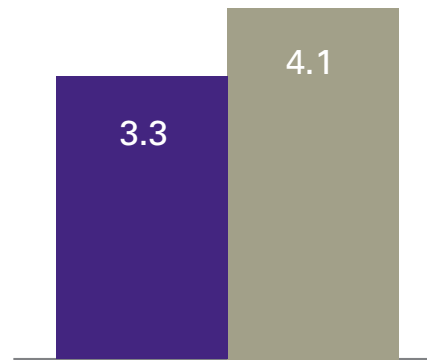
The number of complaints against nursing homes filed by those who saw or suspected substandard care or abuse increased **38 percent** from 2000 to 2002.*

For-profit vs. Nonprofit Performance

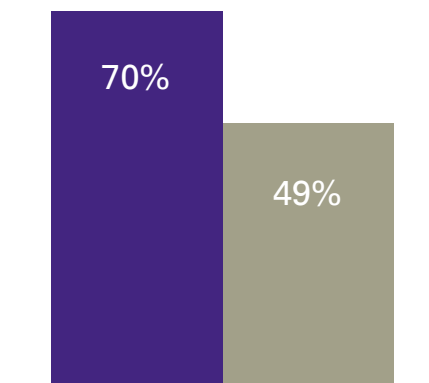
■ For-profit ■ Nonprofit

Nursing Care Levels

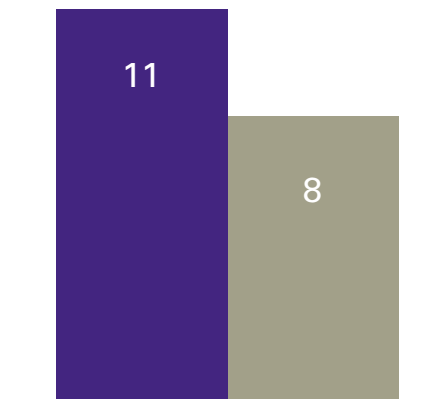
Hours per Resident per Day



Staff Turnover Rates



Federal Violations Found



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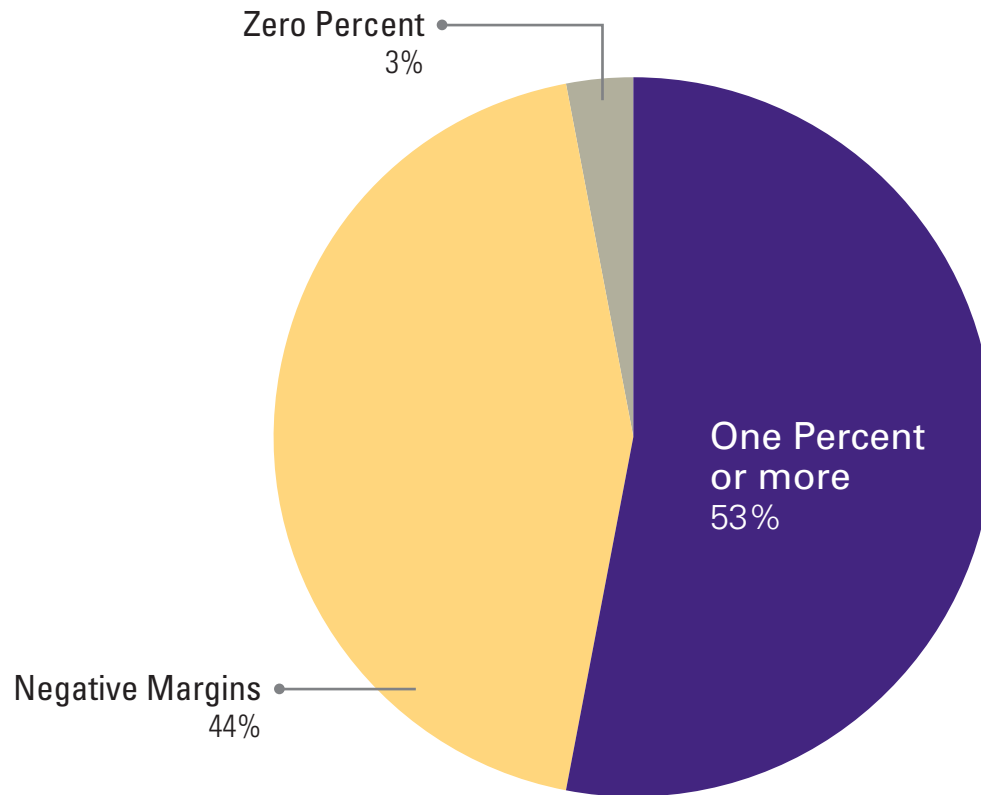
About **78 percent** of the nursing homes in the state are owned by for-profit organizations, while **18 percent** are nonprofit and **4 percent** are operated by a government entity such as the city or county.

In 2002, freestanding, for-profit facilities had lower staffing levels, higher staff turnover rates, and more violations of health and safety regulations than nonprofit facilities.

Source: University of California School of Nursing, *Annual Report for California Nursing Home Search*, San Francisco, CA. 2003.

Financial State

Profit Margins for Freestanding California Nursing Homes, 2002



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Between 1999 and 2002, 160 California nursing homes filed for bankruptcy, indicating financial instability and signaling possible closure. **Nearly half** of the state's nursing homes reported negative or zero profit margins in 2002.

Source: University of California School of Nursing, *Annual Report for California Nursing Home Search*, San Francisco, CA. 2003.

Profitability of Nursing Homes Receiving Medi-Cal

Profitability (Net Income Margin)	Share of Nursing Homes		
	2001	2002	Change
Better than 0%	66%	58%	- 12%
0% to less than - 5%	17%	22%	+ 29%
- 5% to less than - 15%	12%	15%	+ 25%
- 15% to less than - 25%	3%	3%	0%
- 25% and worse	2%	3%	+ 50%

Note: Numbers may not add up to 100 because of rounding.
Source: OSHPD LTC Financial Data for 2001 and 2002.

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Among freestanding nursing homes that receive Medi-Cal reimbursement, the proportion of those that broke even or lost money grew by an average of **26 percent**.

Additional Resources

California HealthCare Foundation www.chcf.org/topics/index.cfm?topic=CL110

A compendium of information and resources is available here.

Additional relevant articles by Barbara Kate Repa are archived at www.chcf.org.

To find them, enter “repa” at the search prompt.

- *Nursing Home Inspections: The Data Behind the Ratings*
- *Troubled Budget Times Hit Nursing Homes Hard*

California Nursing Home Search www.calnhs.org

This free, comprehensive consumer Web site provides ratings of California long-term care facilities on key quality measures. It also includes information on staffing levels, clinical quality measures, complaints and deficiencies, financial measures and ownership, as well as a number of helpful resources such as paying for care.

Charlene Harrington, Ph.D. and Janis O’Meara, M.P.A. *Annual Report for California Nursing Home Search*. University of California School of Nursing, San Francisco, CA. 2003. <http://nurseweb.ucsf.edu/www/images/calnhs-rpt-03.pdf>

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