

Nursing Homes

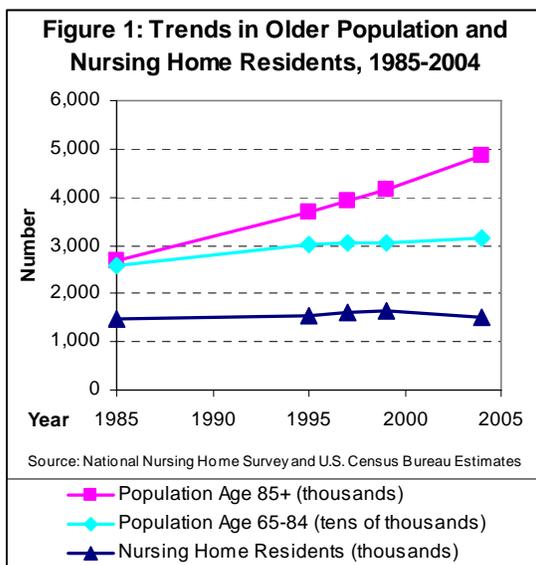
Introduction

Nursing homes provide a broad range of long-term care services – personal, social, and medical services designed to assist people who have functional or cognitive limitations in their ability to perform self-care and other activities necessary to live independently. Increasingly, nursing homes are also providing skilled nursing care, medical services, and therapies for short term, post-acute care following a hospitalization.

Who Uses Nursing Homes?

In 2004, about 1.5 million people lived in nursing homes in the U.S. Most residents are elderly: 88% of nursing home residents are 65 or older, and 45% are 85 or older. Yet only 2% of Americans age 65 to 84 and 14% of Americans age 85 or older live in nursing homes.¹

The *number* of nursing home residents has remained approximately constant since 1985, but as a proportion of the population likely to need long-term care, it actually has declined. Over the past 20 years, the age 65 to 84 population increased by more than 20 percent and the age 85+ population increased by more than 80 percent (see figure 1).



As the percentage of older people living in nursing homes has declined, the number of stays has grown because of increasing use for short-term post-acute care. There were close to 3.2 million total nursing home stays in Medicare and Medicaid certified facilities during 2005, up from 3 million in 2000.²

Projecting future trends is difficult, since nursing home use is driven by care preferences as well as life expectancy and disability trends. Current estimates are that 35% of Americans age 65 in 2005 will receive some nursing home care in their lifetime, 18% will live in a nursing home for at least one year, and 5% for at least five years.³ Women, with longer life expectancy and higher rates of disability and widowhood, are more likely that men to need nursing home care, and especially likely to need lengthy stays.

How Long Do Residents Stay?

Length of stay in nursing homes varies widely. Many people enter for brief stays: in 1999, 68 percent of nursing home *stays* lasted less than three months. Among those who stay longer than three months, many stay much longer: 17 percent stayed more than a year, and 7 percent more than three years.⁴

What Services Do Residents Receive?

All nursing homes provide skilled nursing care and assistance with activities of daily living that residents are often able to perform without assistance. Nearly all facilities provide dental and mental health services, either on- or off-site. Many facilities also offer additional services such as restorative care, dementia care, pain management, and palliative care. Across the nation, nursing home residents receive an average of 3.7 hours of direct nursing care per day, including 1.4 hours from a certified nurse (RN, LPN, or LVN).⁵

Resident Characteristics

Nursing home residents are among the most frail Americans. In 2005, nearly half of all residents had dementia, and more than half were

confined to a bed or wheelchair.⁶ In 2004, nearly 80 percent of residents needed help with 4 or 5 activities of daily living (bed mobility, transferring, dressing, eating, and toileting).⁷

Most nursing home residents are female, especially at older ages (see table 1). Widowhood is a key predictor of nursing home use – at time of admission, over half of nursing home residents were widowed, and only 1 in 5 was married or living with a partner.⁸

Table 1: Nursing Home Residents by Age & Gender

Age Group	Total	Men	Women
64 or younger	175,000	54%	46%
65 to 84	643,000	34%	66%
85 or older	674,000	18%	82%

Source: AARP Public Policy Institute analysis of 2004 NNHS

Capacity

While the total number of residents has remained nearly constant, the number of certified nursing homes in the U.S. fell from 19,100 in 1985 to 16,100 in 2004, and the number of beds increased slightly to 1.7 million in 2004. In the last 20 years, nursing homes have become larger, many have closed, and the occupancy rate has dropped from 92% to 86%.

How Much Do Nursing Homes Cost?

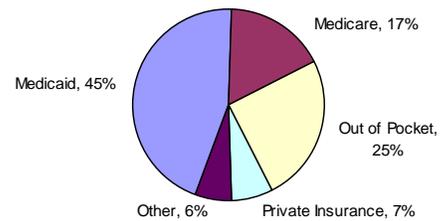
The average private-pay cost for a private room (single occupant) in a nursing home in 2006 was \$206 per day (or \$75,190 per year). For a semi-private room, typically a room shared with another resident with a curtain or other partition between the beds, the average cost was \$183 per day, or \$66,795 per year.⁹

However, most nursing home residents do not pay out of pocket. About 65 percent of nursing home residents are supported primarily by *Medicaid*,¹⁰ and Medicaid pays for 45 percent of the total nursing home bill (see figure 2).¹¹

Medicare does not pay for long-term care, but the program covers up to 100 days of skilled nursing home care per benefit period. After 20 days, beneficiaries must pay a coinsurance (\$124 per day in 2007). About 13% of nursing home residents are supported primarily by Medicare, but because of the short duration of coverage, the percentage of all individual stays is much

greater: 52 percent of residents who have been in a nursing home for less than 30 days have Medicare as a primary payer. Medicare pays 17% of the nation's total nursing home bill.

Figure 2: National Spending for Nursing Home Care, by Payer, 2005



Source: Georgetown University Long-Term Care Financing Project, "National Spending for Long-Term Care" fact sheet, February 2007

Only about 22 percent of current residents, and 38 percent of expenditures, are covered out-of-pocket, by private long-term care insurance, or by other public or private sources.

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¹ AARP Public Policy Institute analysis of the 2004 National Nursing Home Survey (NNHS) and U.S. Census Bureau population estimates

² CMS, Nursing Home Data Compendium 2006

³ Kemper, P., Komisar, H.L., and Alecih, L., "Long-Term Care Over an Uncertain Future: What Can Current Retirees Expect?" *Inquiry* 42(4):335-350, 2005

⁴ 1999 NNHS (the 2004 NNHS did not survey discharges)

⁵ Harrington, C., Carrillo, H., LaCava, C., "Nursing Facilities, Staffing, Residents and Facility Deficiencies, 1999 Through 2005" UCSF 2006

⁶ Ibid.

⁷ AARP Public Policy Institute analysis of 2004 NNHS

⁸ Ibid.

⁹ MetLife Mature Market Institute, "2006 MetLife Market Survey of Nursing Home and Home Care Costs" 2006

¹⁰ Carrillo, H., and Harrington, C., 2006 (from AARP, *Across the States 2006: Profiles of Long-Term Care and Independent Living*)

¹¹ Georgetown University Long-Term Care Financing Project, "National Spending for Long-Term Care" 2007