Nursing homes are now serving individuals who have particularly challenging diagnoses and they are increasingly drawn from less wealthy populations.

Diagnostic profile of residents is changing: more severe cognitive issues, increases in psychiatric diagnoses and bladder incontinence.

Rising numbers of residents are entering nursing homes with higher levels of frailty closer to the end of life reflected in a median adjusted length of stay decline of 19%.

About three in five residents receive Medicaid, this indicating that nursing homes are serving a poorer population.
Demand has been declining but is expected to grow even as nursing home closures increase.

Prevalence rates for nursing home utilization among population age 65 and over have declined from 3.5% in 2011 to 2.6% in 2019.

Over the next decade the population age 75 years and over is expected to grow by 35%, leading to increasing demand for all LTSS services, including nursing home care.

There has been an increase in closures over the past five years, and this data does not account for pandemic-related closures.

Note: A quarter of closures are in rural areas and if current prevalence rates and bed-supply for the age 65+ population stay constant, there will be a shortfall of roughly 2,000 beds by 2025.
Staff hours and compensation have stayed relatively constant making it difficult to provide high quality care and to recruit, retain and train direct care workers.

Even as the medical complexity of patients has increased, care hours have stayed relatively constant and there has been a slight decline in RN hours.

Overall, median nursing wages have only increased at 1.9% per year but real wages have remained completely flat or declined.

There has been a significant increase in the average weighted deficiency score of nursing homes – from 27.6 to 41.0 over the last decade.
Nursing homes are increasingly dependent on Medicaid financing leading to a growing gap between what is needed to meet resident needs and reimbursement levels.

Medicaid reimbursed days have increased to 68.8% of all days while all other payment sources have declined over the period.

Medicaid has the lowest level of reimbursement and lowest rate of growth among major payment sources.

Note: Adjusting for the medical CPI, Medicaid rates declined by 23.2% as compared to declines of 20.0% and 13.6% for Medicare and other sources, respectively.

Since 2010 Medicaid rates cover a declining proportion of the average rate charged for private/semi-private rooms.

Note: In 2010 Medicaid rates represented roughly 77% of private/semi-private room charges, by 2017 this figure had fallen to 63% – an 18% decline over the period.