

Detroit Nursing Home Crisis:

Factors Predicting Nursing Home Closure in Detroit and Its Impact on Residents



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Research by:
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Synopsis of Research Findings

A dramatic increase in nursing home closures in Detroit has created a crisis for those seeking nursing home care. Closure of ten (10) nursing homes between 1997 and 2003 and the absence of new construction during this time has resulted in fewer nursing home beds than needed for the Detroit population. With few available options for good care in quality facilities, residents are often forced to choose between placement in an old, financially unstable Detroit nursing home or moving to a suburban facility, far away from family and friends.

Financial difficulties, staff shortages as well as environmental and physical plant problems are the three major indicators of nursing home closures, as determined through an analysis of past closures. The effect of closures on nursing home residents is exhibited in higher levels of illness including depression and even death due to stress caused by making difficult, life-changing decisions in a limited, often inadequate, amount of time.

Research, conducted by Citizens for Better Care and funded by the Detroit Area Agency on Aging, studied the impact of three Detroit nursing home closures on residents and made recommendations based upon these findings.

Citizens for Better Care is an independent, non-profit organization that provides information and advocacy to enhance the self-determination and well-being of long term care consumers in Michigan. Findings from this study are highlighted in this Synopsis.

Methodology

Methodology for this study consisted of literature reviews, comparison of financial status indicators, visits to all displaced residents of three nursing homes closed between 2002 and 2003, analysis of regulatory surveys and complaint investigations and interviews with local ombudsmen and the Director of the Consumer & Industry Services Bureau of Health System. Six additional currently functioning Detroit nursing homes were also studied in order to identify factors that may predict closures.

Types of Closures

- Voluntary closure occurs when a nursing home chooses to close of its own accord. Circumstances surrounding such closures are often bankruptcy, buy out, or inability to correct regulatory deficiencies.
 - *Residents are often given warning of the closure and offered support in finding a new facility.*
- Involuntary closure is “forced” and unplanned. This type of closure usually occurs when a nursing homes’ funds are terminated and licenses are revoked by the Centers for Medicare and Medicaid Services due to lack of compliance.
 - *Residents are forced to move with little or no advanced warning and without assistance of counseling or support.*

Leading Causes of Closure

The following are the three (3) leading causes for nursing home closure:

- Financial difficulties due to funding cuts, bankruptcies and fraud and abuse claims
 - *Some specific causes of financial problems include low Medicare and Medicaid reimbursement rates and high liability insurance costs due to a dramatic increase in claims against facilities.*
- Understaffing due to fiscal cutbacks.
 - *Staffing cuts result in high turnover and a subsequent decrease in quality of care. This situation leads to regulatory citations and fines for care deficiencies followed by loss of federal funding. A cyclical pattern of further reduced quality often occurs.*
- Serious physical plant and/or environmental problems that put residents at risk for serious injury.
 - *Such homes are often in and out of compliance and eventually fail to make the necessary repairs to maintain federal funding.*

Analysis of Three Nursing Home Closures

Two hundred and forty-one (241) Detroit nursing home residents were affected by the closure of three (3) nursing homes between 2002 and 2003. The following sections present key findings from an analysis of data and factors associated with these nursing home closures:

- Two of the three nursing home closures were voluntary.
 - *One voluntary closure was due to financial constraints. This facility closure took four (4) weeks, the longest of the three facility closures studied.*
 - *The second voluntary closure was due to the financial impact of loss of Medicaid certification resulting from an inability to correct regulatory deficiencies. Closure was completed in only seven (7) days.*
- The third facility became an emergency involuntary closure (while in process of a voluntary closure) due to lack of back-up generators to provide air conditioning and water during the massive August 14, 2003 blackout in Detroit. Residents were forced to move within eight (8) hours.

Detroit Nursing Home Closures: Advanced Notice Periods and Disbursement of Residents

Closed Nursing Homes	Total # Residents	Advanced Notice Period	# Facilities Receiving Transferred Residents
Alpha Annex	76	4 wks.	21
LaSalle	67	7 days	23
Rosewood Living Center	104	8 hrs.	21

Source: Citizens for Better Care, Detroit, Michigan

Financial Difficulties

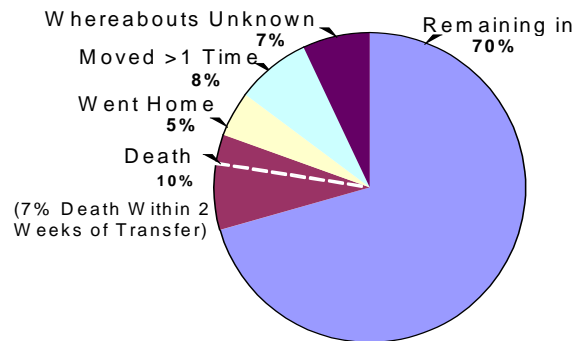
- Reasons for closure revealed that all three closed nursing homes studied had financial problems.
- Assessment of the financial status of the operating facilities studied was problematic due to difficulty in obtaining accurate financial records from the nursing homes.

Deaths and Transfers

The following facts emerged from a review of transfer histories obtained for displaced residents from the three homes that closed:

- Although residents were disbursed between 21-23 different facilities, nearly 40% (39.1%) of the residents from two of the closed homes were placed in homes under the same ownership as that of the closed homes from which they were displaced. Many of these homes also had quality of care issues.
- Most residents (approximately 70%) remained in the first facility to which they were transferred, 10% (25) died – 7% (16) of them within two weeks of transfer, 8% (18) moved more than once, 5% (11) returned to their homes and the whereabouts of 7% (17) were unknown.

Deaths and Transfers



Source: Citizens for Better Care, Interviews with displaced nursing home residents 5-18 months after transfer.

Regulatory Deficiencies

- Nursing homes in jeopardy of closure often have high numbers of annual deficiencies for two or more years prior to closure.
 - *The three closed nursing homes in this study had a substantially higher number of physical environment and quality of care deficiencies when compared to the six homes that continued to operate.*
 - *The closed homes had an average number of 41 environmental and 30 quality of care deficiencies, while the average number of deficiencies for the operating homes was 8 for environmental and 13 for quality of care.*
- The average total number of deficiencies (for all categories) per nursing home for 2003 was seven (7), according to the Medicare Nursing Home Compare Website, www.medicare.gov/nhcompare.

- Review of regulatory survey records, from the Bureau of Health Systems (BHS), revealed an inconsistency of priorities among state surveyors and a clear pattern of “bulking up” in the year preceding the closing of a nursing home.
 - *Citing regulatory deficiencies when they are first noted would allow earlier correction and often negate the necessity for closing a nursing home due to inability to correct a large number of deficiencies.*
- Ninety percent (90%) of written complaints filed against Michigan nursing homes are unsubstantiated by BHS investigators.
 - *Careful reading of the complaints resulted in questions as to why so many of the complaints were not substantiated by BHS.*

Primary Citations: Environmental and Quality of Care Deficiencies

Nursing Homes	Regulatory Deficiencies	
	# Environmental	# Quality of Care
Closed Homes		
Alpha Annex	14	18
Rosewood	90	52
LaSalle	20	21
Operating Homes		
Boulevard Temple	18	17
Americare	1	24
Luther Haven	7	4
Fairlane Nursing Center	6	14
Detroit Medical Center	13	12
Omni Continuing Care	1	9

Source: (www.medicare.gov/nhcompare).

Conclusions and Recommendations

1. Financial difficulties are the driving force behind nursing home closures. All three of the closed nursing homes in this study had financial problems.

Recommendations:

- *Structural changes are recommended at the Bureau of Health Systems in order to develop and implement an Early Warning System to address potential nursing home closures.*
 - *Profit and loss statements for homes that are corporately owned should be required to be made available to the Bureau of Health Systems as part of the yearly survey.*
2. Detroit nursing home residents have few available options for good quality long-term care such as affordable assisted living facilities or moderately priced home health care.

Recommendation:

- *The development of licensed, affordable alternatives to nursing home housing is desperately needed in Detroit.*
3. Inconsistency in the Michigan Department of Community Health Bureau of Health Systems survey process contributes to regulatory compliance problems by delaying citations for conditions until multiple violations are reported. Nursing homes with financial

problems cannot make required corrections within the time allowed and are often forced into involuntary closure

Recommendations:

- *The complaint process, managed by the Bureau of Health Systems, needs to be re-engineered to meet the immediate needs of nursing home residents.*
 - *The survey process, also managed by the Bureau of Health System, needs to be monitored for consistency in the reporting of deficiencies and the issuing of citations.*
4. Alleviation of stress during the nursing home closure process is paramount. Anecdotal evidence and observations made during this study support claims that stress contributes to illness, depression and death.

Recommendations:

- *Structural changes are recommended for the Wayne County Nursing Home Closure Team in order to provide a coordinated response to emergency closures and guarantee the residents' right to choose their placement.*
- *Additional services need to be made available to nursing home residents and their families prior to and after a nursing home closure.*