



LOUISIANA LEGISLATIVE AUDITOR
DARYL G. PURPERA, CPA, CFE

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MEDICAID NURSING FACILITIES

The number of Medicaid recipients in nursing homes has decreased from 26,563 in July of 2011 to 25,335 last November, while payments to nursing homes have increased by 38 percent since June 2010, according to an audit released Monday by Legislative Auditor Daryl Purpera's office.

The informational audit report, prepared by the state auditor's Performance Audit Services Section, also said that a national report ranks Louisiana at or near the bottom for several quality of care indicators.

As of November 2013, there were 276 nursing homes in the state. Of that total, 259 had 32,193 beds approved for Medicaid patients. The report looked into the use, cost and quality of care in those 259 nursing homes as the state moves toward a managed care model for long-term care services.

In fiscal year 2013, Medicaid nursing homes received approximately \$840 million, or 24.1 percent, of the total Medicaid budget for private providers, making them the largest provider group ahead of hospitals. From 2011 to 2013, the nursing homes received approximately \$2.5 billion in Medicaid payments, an average payment of approximately \$3 million in Medicaid funds for each facility.

The state auditor said that the occupancy rate in Medicaid nursing homes in Louisiana is "lower than the national average." In the 2012 fiscal year, the average occupancy in nursing homes ranged from 18 percent to 100 percent. According to the Kaiser Family Foundation, Louisiana's occupancy rate of 72.5 percent in 2011 – the last year foundation data was available – ranked 43rd lowest out of 50 states when compared to the national occupancy rate of 83 percent.

Although the state Department of Health and Hospitals conducts unannounced inspections of each nursing home at least once every 15 months, the Medicaid nursing homes were cited for 7,666 deficiencies from July 1, 2011 through June 30, 2013. The report said the Medicaid homes were assessed about \$4.9 million in fines as a result.

Although most of the deficiencies cited (6,978 or 91 percent) were for violations categorized as "no actual harm with potential for more than minimal harm," 284 of the violations (3.7 percent) were for "immediate jeopardy violations," ones likely to cause serious injury, impairment or death.



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The report said 41 percent of the 7,666 violations were for repeat offenses. According to 2011 data from the U.S. Agency for Healthcare Research and Quality – the latest year for which data was available – the state met or exceeded eight benchmarks, was close to meeting a ninth and had 10 measures “that are far from the benchmark.”

Based on data from the AHRQ, about 7.3 percent of the Medicaid nursing home residents in Louisiana spend most of their time in a bed or wheelchair, compared to the national benchmark of 1.43 percent and 6.09 percent of the state’s Medicaid nursing home residents were in physical restraints, compared to the national benchmark of 1.35 percent.

According to a September 2011 report issued by AARP, the Commonwealth Fund, and the Scan Foundation, Louisiana ranked 43rd “across all long-term care indicators measured,” the report said, including a standing of 50th for the percentage of high-risk nursing home residents with pressure sores which could develop from not being turned or attended to regularly.

The report also said that the nursing homes in the state provide less than a half hour a day per patient treatment by a registered nurse, compared to the national average of about 45 minutes a day per patient, ranking the state 51st nationally.

Nursing home rates increased 38 percent from June 2010, when they averaged \$117.19, to October 2013, when they averaged \$161.56. In October 2013, individual nursing homes’ daily rates ranged from \$138.92 to \$187.31.

The rates take into account care costs, capital and administrative costs and other factors, such as the sickness of the residents. In addition, nursing facilities are paid indirectly for their excess capacity or “empty beds” which totals approximately \$15.6 million per year.

The report said a special fund, the Medicaid Trust Fund for the Elderly, has been used to finance the rate increases, but that fund has gone from almost \$844 million in 2007 to \$409.4 million in May 2013. The fund could be nearly depleted by 2015, according to the Legislative Fiscal Office. Voters this fall will decide the fate of a proposed change in the state Constitution that would lock in the daily Medicaid nursing home rates at the current rate of about \$161.56 a day.

For more information, contact:

Daryl G. Purpera, CPA, CFE
Legislative Auditor
225-339-3800

On Twitter: Number of Medicaid recipients in nursing homes down while payments up.