

Why Texas' Long Term Care Funding Crisis Matters:
People and Communities

Overview

Texans respect and value seniors. Even the most ardent advocates of limited government believe providing care for seniors unable to care for themselves is a fundamental responsibility. Unfortunately, Texas’ history of chronically underfunding long term care does not reflect that commitment, producing barriers to quality care and setting up ominous consequences as a “Silver Tsunami” of aging Baby Boomers approaches.

Grandparents, mothers, fathers and friends who must rely on long term care will bear the brunt. Texas leaders can thwart the impending care crisis by investing in nursing homes to improve the quality of life for senior Texans, to protect a vital economic driver for communities across the state, and to ensure Texas is prepared for a demographic certainty set to engulf the long term care providers.

Preparing for the perfect storm

Figure 1

Source: Texas Demographic Center

Silver Tsunami Demographic Projections in Texas				
Age Group	2010	2030	2050	2010-2050 Percent Change
Under 18	6,865,824	8,939,615	12,327,957	79.6
18 to 44	9,644,824	13,983,745	19,777,640	105.1
45 to 64	6,033,027	8,302,253	12,820,835	112.5
65 and Older	2,601,886	5,929,471	9,442,865	▶ 262.9
Total Population	25,145,561	37,155,084	54,369,297	116.2

As Baby Boomers reach retirement, a perfect storm could overwhelm nursing homes: A surge in the number of aging Texans, known as the Silver Tsunami; a decline in family caregivers; and a long term care sector already deprived of adequate and sustainable funding.

The U.S. Department of Health and Human Services (2018) reports that the aging population “and a corresponding increase in disability prevalence will amplify the future need for

long term services and supports.” Population projections from the Texas Demographic Center (2016) illustrate the approaching Silver Tsunami, with the number of Texans 65 years and older growing at a faster rate than any other age group (See Figure 1).

Stabilizing the long term care industry is imperative to providing quality care to seniors who will have increasingly complex medical needs by the time they arrive at a nursing facility after receiving care at home for as long as possible.

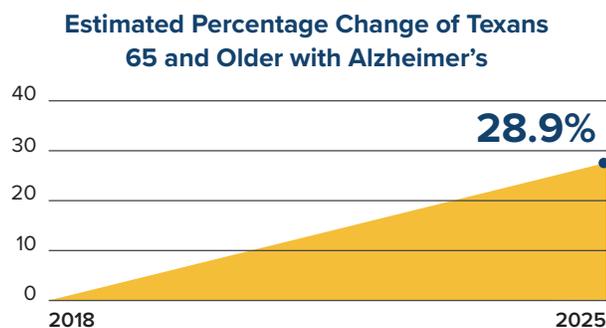
Increasingly complex medical needs for senior Texans

As the aging population in Texas increases, the long term care industry must prepare for an influx of residents who will be suffering from complicated neurological-related disorders and dementia such as Alzheimer’s and Parkinson’s diseases (Dorsey & Bloem, 2018). This population of seniors will require the round-the-clock, intensive skilled care that nursing homes provide (Gaugler et al., 2014).

Figure 2

Source: Alzheimer’s Association 2018 Texas Facts and Figures.

Estimated Number of Texans with Alzheimer’s by Age Group*				
<i>*Totals may not add due to rounding</i>				
Year	65-74	75-84	85+	Total
2018	63,000	170,000	150,000	380,000
2020	69,000	180,000	160,000	400,000
2025	83,000	230,000	180,000	490,000



Nearly six million Americans are living with Alzheimer’s disease, and someone is diagnosed with it every 65 seconds. In Texas, Alzheimer’s is the sixth leading cause of death, and its prevalence will increase by double-digit percentage points by 2025 (See Figure 2).

Additionally, a high proportion of individuals with Parkinson’s disease in the United States are unable to access care and suffer injuries as a result, eventually relying on care from a skilled nursing facility (Dorsey & Bloem, 2018). Texas’ Parkinson’s mortality rate is among the highest in the country, according to the Centers for Disease Control and Prevention (2016).

Even though the behavioral and psychiatric symptoms of Alzheimer’s and related dementias are among the most challenging for health care providers to manage, the state of Texas does not provide sufficient funding for the type of intensive and costly care required. In fact, the state’s Medicaid reimbursement rate continues to fall short of covering even the most basic allowable costs of providing long term care.

Recognized studies continue to demonstrate that the greater consistency in long term care staff member assignments, the more they understand and can effectively respond to each resident’s care needs, especially when caring for individuals with debilitating neurological disorders (Gaugler et al., 2014; Wiener, 2003). With a more satisfied, well-trained and committed staff, nursing homes see increased retention rates, which increases the quality of life and quality of care within nursing facilities.

The disappearing family safety net

The influx of Baby Boomers approaching retirement age will produce an unsustainable burden for family caregivers who provide unpaid care to loved ones. According to the Texas Demographic Center (2016), the number of Texans 45-64 years old (people in primary caregiving years) is projected to grow at a slower rate than those above 65 years, who are most likely to need care assistance (NAC, 2015). This asymmetrical pattern means the people who will be caring for senior Texans will increasingly be seniors themselves.

Approximately 43.5 million adults in the U.S. provide at least 24.4 hours of unpaid care per week to a loved one (NAC, 2015). That’s the equivalent of a part-time job with no pay or benefits. As these trends continue and our population ages, the disappearing family net will further strain an industry already unable to staff for the current level of occupancy. A decrease in unpaid caregivers will force many senior Texans who have depleted their assets to turn to the state to ensure they receive help with basic personal needs such as dressing, eating, bathing and mobility assistance in the final years of their lives.

Prepared for the Silver Tsunami?

The approaching demographic tsunami will push Texas nursing homes to their limits unless policy makers strengthen the industry’s ability to respond by addressing one of the lowest nursing home Medicaid reimbursement rates in the country.

The state’s Medicaid reimbursement rate for Texas nursing homes has been lower than the actual cost to care for a resident since 1994, and the funding gap continues to grow (see Figure 3). The toll of the per-patient, per-day

Figure 3

Source: HHSC Cost Data

Medicaid Reimbursement Shortfall	
Allowable cost per patient	\$170.39
Reimbursement rate per patient	\$143.48
Per-patient, per-day shortfall	▶ \$26.91

shortfall is mounting, destabilizing the nursing home industry by inhibiting operators from investing in their workforce and making much-needed improvements to their facilities (Bonadio & Cope, 2016).

The continued underfunding has fueled a workforce crisis in Texas nursing homes, affecting the quality of care they are able to provide. Dedicated staff are leaving the nursing home industry and not returning due to low wages, demanding job responsibilities and an overdemanding regulatory environment. Texas nursing homes have some of the highest

caregiver turnover rates in the country, causing the industry to fall below national averages in survey, quality and staffing measures.

The chronic underfunding of long term care in Texas is not only producing financial instability for an increasing number of nursing homes but also raising questions among owners and operators about their presence in Texas. The combination of those uncertainties could bring ominous consequences for Texas as the Silver Tsunami arrives.

Stability and predictability for senior Texans and local economies

In addition to being a final lifeline for many senior Texans, the economies of most Texas communities are also affected by the stability of the long term care industry. In many areas of the state, nursing homes are among the top employers. But Texas’ low Medicaid reimbursement rate has left nursing home owners unable to compete in the state’s robust job market, causing nursing home operators to question their long term strategies of being able to operate in Texas, and often in rural and isolated areas.

Currently, 75 percent of Texas nursing homes report that the Medicaid reimbursement rate does not cover allowable costs of care. In the past three years, more than 20 nursing homes have closed their doors. According to the most recent data available, almost 300 nursing homes reported annual losses exceeding \$250,000.

Today, there are more than 1,200 nursing homes across the state employing more than 159,000 Texans, generating \$6.6 billion in labor income. The industry pays nearly \$550 million in state and local taxes and \$1.4 billion in federal taxes. The long term care industry remains one of the central pillars of the state’s vast health care infrastructure — a leading driver of the resilient Texas economy.

Investing in long term care has produced results

Investing in long term care leads to **33%**
IMPROVEMENT IN NURSING HOME PERFORMANCE

Wisely, Texas leaders have recognized the correlation between funding and quality of care and have taken an initial step aimed at reversing the spiraling challenges the long term care industry faces. While falling short of a complete solution, the Texas Health and Human Services Commission (HHSC) Quality Incentive Payment Program (QIPP) demonstrates that additional investments can lead to improved quality with the potential of reducing costs.

The average Texas nursing home was below par when QIPP began in 2017. Texas nursing homes performed below national average benchmarks on three key quality metrics: the number of falls with major injuries, the number of pressure ulcers, and the number of residents on antipsychotic medication. Overall, nursing homes receiving QIPP-enhanced reimbursements are now performing better than established benchmark national averages. By the end of

the second quarter in 2018, the average Texas QIPP participant had a 33 percent relative improvement compared to past performance. QIPP's incentive payments were not available to all nursing homes, however, so the improvements were limited to the homes eligible to participate.

Loved and honored until the end: The imperative for a solution

During the 2017 legislative session, time ran out on a proposal to address Texas' long term care woes, but only after it gained approval by an almost two-thirds majority in the House of Representatives and an affirmative vote by the Senate Health and Human Services Committee. The proposal would have provided funding to address the Medicaid shortfall and created the largest nursing home pay-for-performance program in the country.

Supported by an overwhelming majority of the long term care industry through a self-funding strategy from nursing homes to draw down federal dollars available to the state, the solution would not have increased the state's overall budget to care for senior Texans.

Under the proposal, for each dollar sent to Washington, D.C., the state would have received back \$1.50 to improve long term care for the 92,000 residents living today in Texas nursing homes. That return on investment seemed appealing enough given Texas ranked 43rd in 2016 in federal funds received per resident. During that year, Texans sent the federal government \$261 billion in taxes but only received \$39.5 billion, or 15 percent of that amount back in funding for state programs (Texas Comptroller, 2017).

The state's QIPP program has demonstrated that investing in long term care improves quality. And, while it is a step in the right direction, the program falls short of the type of long term comprehensive solution that will stabilize the industry and reverse the toll of two decades of underfunding. Industry leaders are currently working with Texas lawmakers to generate a sustainable solution to improve nursing home quality for the upcoming 2019 legislative session.

With a perfect storm on the horizon, the urgency for a solution is greater than it has ever been. Without action, the continued underfunding of long term care will further destabilize the industry and increase the current trend of nursing home closures and resident displacement. This will separate family and friends and prevent senior Texans from receiving the kind of care that will make them feel loved and honored until the end of their lives.

About THCA

THCA is the leading voice in Texas for long term care and has been since 1950. THCA membership includes both for-profit and non-profit nursing homes, specialized rehabilitation and assisted living facilities.

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