

# Changes to nursing home quality ratings system caused consumers to choose better providers

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Health care report cards and quality ratings are intended to give consumers more information when choosing a care provider like a hospital or nursing home. Health economist Marcelo Perraiillon of the Colorado School of Public Health at CU Anschutz evaluated whether a simplified rating system used by the website Nursing Home Compare motivated consumers to choose better-rated nursing homes.

It has been a difficult problem in [health](#) economics and policy whether public reporting of quality information actually works in the absence of experimental data.

Perraiillon, lead author and a professor in the Department of Health Systems, Management and Policy at the Colorado School of Public Health at CU Anschutz, said, "Essentially, we used a statistical design that allowed us to create an experiment in order to show that consumers and their families do respond to public reporting of [nursing homes](#) quality information. It has been a pesky thing to show because policy changes are not designed as experiments."

The main problem, researchers say, is that no control group exists to help evaluate the effectiveness of the policy, which is intended to help people choose the best providers by improving the quality and accessibility of information about nursing homes and other providers. The authors used a statistical method called regression continuity to show that consumers

are indeed using the data to inform better decisions about care.

"At face value, it seems reasonable that consumers or their families will respond by choosing providers (hospitals, nursing homes, etc.) of better quality," Perrignon said. "That's the purpose of the policy, since it creates incentives for providers to improve quality of care, but this has been hard to prove."

In a regression discontinuity study design, participants are assigned to a comparison group on the basis of a cutoff score on a quality measure. Health economists used this design to estimate changes in new nursing home admissions six months after the publication of the new ratings, which went into effect in 2008.

Their results also show that nursing homes that obtained an additional star on the one-to-five scale gained more admissions. They also identified that not all consumers responded to the change the same way, including low-rated nursing homes providing service in poorer areas which take mostly Medicaid patients.

"Disparities in quality of care and access is an ongoing problem in the nursing home market. Our results suggest that potential patients of lower rated nursing homes have fewer choices and they not benefit from ratings. In fact, ratings could lead to even more disparities," Perrignon said. "These nursing homes tend to be crowded already so managers don't care much about their ratings. Poorer patients don't have a lot of options."

Researchers conclude that the form of [quality](#) reporting matters to [consumers](#) and that the increased use of composite ratings like the five-star system is likely to cause more people to use the system to compare and choose providers that better fit their needs.

"Consumer Response to Composite Ratings of Nursing Home Quality," was published Dec. 28 in the *American Journal of Health Economics*. The study joins two earlier works by Perraiillon. A July 2017 study evaluated provider perspective on Nursing Home Compare, and a 2016 study found that use of the Nursing Home Compare website was limited by lack of awareness and a mistrust of the data. Another study on the provider-side perspective is expected in 2018.

Provided by CU Anschutz Medical Campus

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