

# Assisted living options grow, nursing home occupancy declines

May 23 2012, By Katherine Kahn

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A new study finds an association between an increase in assisted living options, which provide older adults with an array of services such as help with everyday tasks in homelike settings, and a decline in nursing home occupancy. This shift in delivery of care has both positive and negative implications for seniors.

The study appears in the upcoming issue of *Health Services Research*.

Data on assisted living is patchy, primarily because the assisted living industry is not widely regulated and receives little government financing. Additionally, what constitutes assisted living is poorly defined and typically includes a broad range of housing options with varying levels of care.

“Assisted living has, in general, not been very well understood or studied in its role in the broader long-term care marketplace,” said the study’s lead researcher, David Grabowski, Ph.D., professor of health care policy at Harvard Medical School.

To collect data on assisted living, Grabowski and his colleagues contacted each state; however, only 13 states had long-term data available, from 1993 to 2007. Data for nursing homes was gathered from the Centers for Medicare and Medicaid Services, which represents over 95 percent of all nursing home facilities in the U.S., and from Brown University’s Minimum Data Set (MDS) on long term care.

“We found that a 10 percent increase in assisted living capacity led to a 1.4 percent decline in private-pay nursing home occupancy,” Grabowski said. “It’s not a huge effect and it’s not a one-to-one substitution, but I think this is a pretty sizable relationship.”

Since most individuals in assisted living are private-paying residents, researchers accurately predicted that assisted living expansion would have little impact on occupancy of Medicaid nursing home residents or Medicare-eligible patients who were in nursing homes for short-term care after a hospitalization.

Robert L. Kane, M.D., director of the Center on Aging and the Minnesota Area Geriatric Education Center at the University of Minnesota commented that growth in assisted living may not be the only reason for nursing home occupancy decline. “This phenomenon has been known for a long time...the problem is it’s not the only phenomenon in town. For example, there’s been a huge growth in home- and community-based services under Medicaid and it may well be that places that were growing in assisted living were also growing in these programs.”

Grabowski and researchers also found that as assisted living expanded,

there was a small but significant increase in the level of care needed among nursing home residents. “This suggests that there is a healthier segment of the potential nursing home population that is being siphoned off and entering assisted living instead,” Grabowski said.

Since nursing homes generally prefer private-pay patients and Medicare patients over Medicaid patients, this trend could have negative financial effects for nursing homes, Grabowski speculated. “Assisted living may be a really attractive option for private paying individuals, but it has implications for Medicaid as well in that [nursing homes](#) can no longer depend on cross subsidies from private-paying residents since there’s maybe fewer of these individuals in that marketplace.” The result could be fewer resources for direct patient care of all nursing home residents.

**More information:** Grabowski DC, Stevenson DB, Cornell PY. 2012. Assisted living expansion and the market for nursing home care. *Health Services Research*. In Press.

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