The rural nursing home landscape

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Rural nursing home background

Nursing homes throughout the U.S. have faced unprecedented challenges due to staffing shortages, underinvestment, and the COVID-19 pandemic.[1] Across the country, nursing homes have closed at an alarming rate in recent years, with 21,508 residents displaced by more than 500 facility closures since the start of the pandemic.[1] Importantly, these closures have not been limited to facilities with poor performance, as 38 percent of facilities that have recently closed were ranked 4- or 5-star facilities by Centers for Medicare and Medicaid Services quality standards. [1]

The trend of rural nursing home closures existed prior to COVID-19, as demonstrated in report examining rural nursing home closures from 2008 to 2018 which found that 472 nursing homes in 400 rural counties closed during the study period.[2] The RUPRI analysis further notes that there is limited information available on accessibility to long-term care for rural residents.[2] The exact number of rural nursing homes currently at risk for closure and the impact this has had on rural residents is unknown.

Rural nursing homes face a particularly difficult set of obstacles in providing care for the communities they serve. Medicaid is the primary payer for 62 percent of all nursing home residents, making adequate Medicaid payments paramount to financial viability.[3] Limited resources for staffing and reimbursement from Medicare and Medicaid, which serve as the primary payers for many rural residents, have impacted the viability of rural nursing homes.[4] According to a survey of rural nursing homes conducted by NRHA, staff report issues related to recruiting and maintaining staff, staff shortages leading to inability to accept patients, and increased use of expensive contract and travel nursing staff as current limitations in providing care. Nursing homes are facing further issues with increasing costs of care and stagnant reimbursement that may be exacerbated if federal-level staffing mandates are implemented.[1] NRHA has voiced the need for more focus on the sustainability of nursing home patient care in rural communities and how nursing homes are reimbursed for care services. The purpose of this white paper is to explore the current state of rural nursing homes and the need for additional research and investment into these facilities.

Key findings

- Rural nursing homes provide high-quality short-term and long-term care for residents.

- Compared to urban facilities, rural nursing homes tend to have lower bed counts and are more likely to be nonprofit or government facilities.

- Rural populations are more likely to have dual Medicare and Medicaid eligibility.

- Rural Medicare beneficiaries are more likely to use skilled nursing facility services.

- Without additional investment, facilities face limited ability for admissions and the potential for closure.

The importance of rural nursing homes

Access to high-quality nursing home care in rural communities is a necessity to ensure the quality of life of aging residents with health issues and functional limitations. Ensuring the vitality and quality of rural nursing homes is important so rural residents who need that level of care can access services within their communities. Rural communities and populations differ from their urban counterparts in important ways that can make them more vulnerable and showcase the need for access to high-quality nursing home services. According to recent data, the median household income in rural counties is lower than in than

urban counties, with 56 percent of rural counties making less than $54,687 per year, compared to 13.5 percent of urban counties.[7] Rural counties have a higher percentage of residents 65 or older, indicating a greater need for age-friendly resources in their local communities. Rural counties also have a higher percentage of the population who identified as having a disability than in urban counties.[7] Further, rural counties have a higher percentage of dual eligible populations, or those who qualify for both Medicare and Medicaid, and may have greater need for nursing home services.[8,9] Finally, residents of rural communities who are Medicare beneficiaries tend to use more skilled nursing services and have a higher rate of covered days as compared to urban communities.

Rural nursing home characteristics

Understanding the characteristics and challenges of rural nursing homes may be key to supporting these entities and ensuring high-quality facilities are not forced to close. Further, comparing rural and urban facilities may underscore opportunities to support rural nursing homes and show how policies may have different impacts on rural providers. There are 4,144 nursing homes in the contiguous U.S. that are considered rural,[1] which accounts for 38 percent of total facilities.[4]

Rural and urban facilities differ in many ways:
- 353,732 nursing home beds are available in rural communities, accounting for 28 percent of the total number of beds in the contiguous U.S.[4] With a higher percentage of the population who are 65 or older residing in rural communities, this could pose an issue for accessibility as the aging population grows.[10]
- Bed counts tend to be lower in rural facilities, with 35.7 percent of rural facilities having 64 or less beds.[4]
- Rural facilities are more likely to be classified as government (11.1 percent) or nonprofit owned (23.8 percent), as compared to urban facilities (4.3 and 21.8 percent, respectively).[4]
- When considering state-level Medicaid expansion status, which can affect eligibility for care and payments, a higher percentage of rural facilities (31.9 percent) were located in states that had not expanded Medicaid as compared to urban facilities (27.3 percent).[5]

CMS assesses facility quality using a five-star quality rating system to rank overall quality of care as well as the component measures based on health inspection, quality measures, and staffing.[4] In total there are four areas for star ratings: *overall, quality measure, health inspection, and staffing*.

Rural and urban facilities differ in five-star ratings among the four categories:
- The *overall rating* category is similar between urban and rural nursing homes.
- Urban facilities outperform rural facilities in the *quality measure ratings*.
- Rural facilities excel in both the *health inspection* and *staffing* categories.

CMS star rating categories
Quality measure: Based on nursing home performance on 10 quality measures.
Health inspection: Based on results of nursing home inspection surveys over the past 3 years.
**Staffing**: Based on RN hours and total staffing hours per resident day.
Overall: Composite rating based on ratings for three previous areas.

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1 Definition of rural is using RUCA codes 4-9 as classifiers. RUCA codes are a census tract-based classification that uses standard census measures of population density, levels of urbanization and journey-to-work commuting to characterize all U.S. census tracts with respect to their rural/urban status and commuting relationships to other census tracts.

As shown in the figures below, rural facilities have a higher percentage of highly ranked facilities in the *health inspection* category[2]. Rural and urban facilities have a similar proportion of one-star, or lowest quality, facilities in the staffing domain; however rural facilities have a greater proportion of facilities with higher *staffing ratings*. Although rural nursing homes are providing high-quality care, many facilities are feeling financial and staffing strains that can put them at risk for closure.[1,6]
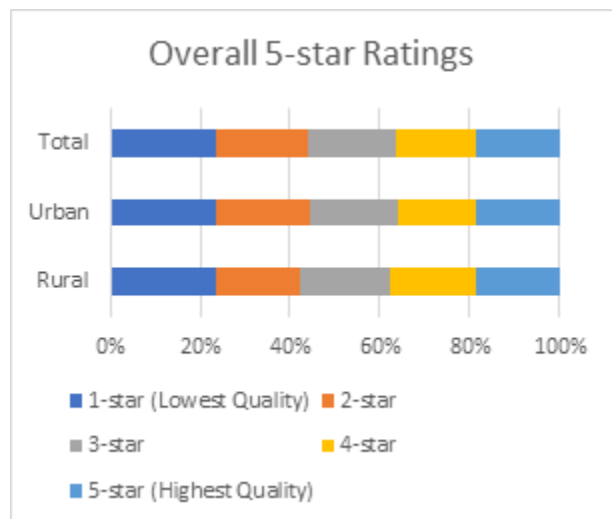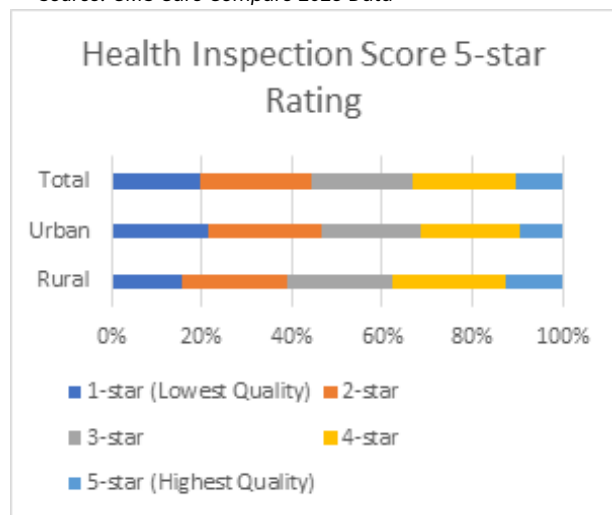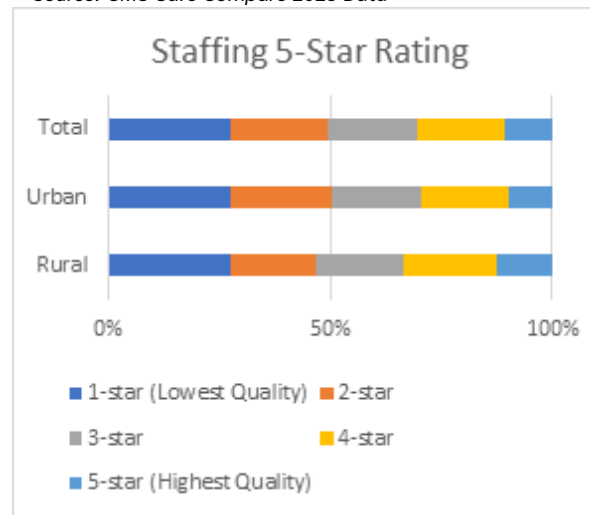

*P-value = 0.049
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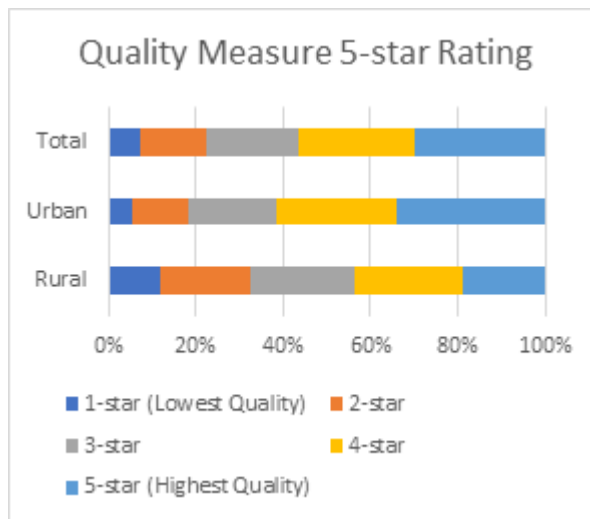
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*P-value = 0.049
** Source: CMS Care Compare 2023 Data[3]

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**Source: CMS Care Compare 2023 Data[3]

The future of rural nursing homes

Rural populations and health care facilities in rural communities including nursing homes need to be recognized for their role and supported to thrive. To achieve this, additional research and government investment into rural nursing home facilities must be prioritized. Research into the differences, bright spots, and blind spots of rural nursing home facilities is imperative to understanding how to stop rural

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[2] The health inspection rating in CMS' Nursing Home Compare quality rating system is based on the three most recent standard surveys for each nursing home, results from any complaint investigations during the most recent three-year period, and any repeat revisits needed to verify that required corrections have brought the facility back into compliance.

nursing home closures. As rural communities see an increasing number of aging populations, additional support is needed to maintain access to services.

To support rural nursing homes and the communities they serve in the interim, policies that increase funding and ability to staff facilities should be implemented. Alternative solutions and adjustments to current regulations should be considered in addition to this. For example, critical access hospitals are currently penalized if they operate skilled nursing facilities, with swing beds being the option for skilled nursing services at these facilities. Further, offering additional support for swing beds, such as extended Medicaid reimbursement for services and star ratings, can increase access to nursing home services.

Conclusion

In the past decade, rural nursing homes have been closing at an alarming rate due to unprecedented challenges related to staffing shortages, underinvestment, and the COVID-19 pandemic. Rural nursing homes provide high-quality short- and long-term care for residents, excelling in areas associated with staffing and health inspection. Without additional investment into rural nursing homes, facilities face limited ability for admissions and the potential for closure.

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