



Contextual determinants of US nursing home racial/ethnic diversity



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ABSTRACT

We hypothesized that for-profit/chain affiliated nursing homes, those in states with higher Medicaid reimbursement, and those in more competitive markets would have greater resident racial/ethnic diversity than nursing homes not meeting these criteria. Using 2004 Online Survey, Certification and Reporting data, Minimum Data Set, Lewis Mumford Center for Comparative Urban and Regional Research data, and the Area Resource File, we included U.S. Medicare/Medicaid certified nursing homes ($N = 8950$) located in 310 Metropolitan Statistical Areas. The dependent variable quantified facility-level multiracial diversity. Ordinary least squares regression showed support for the hypothesized relationships: for-profit/chain affiliated nursing homes were more diverse than nursing homes in all other ownership/chain member categories, while higher Medicaid per-diem rates, greater residential diversity, and stronger market competition were also positively associated with nursing home racial/ethnic composition. Results suggest there is room for policy changes to achieve equitable access to all levels of nursing home services for minority elders.

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Introduction

Over 30 years ago, the Institute of Medicine reported that racial segregation within US nursing homes was a barrier to the effective delivery of long-term care services (Institute of Medicine, 1981). Yet access barriers to equitable nursing home care by racial/ethnic minorities continue to plague the US (Fennell, Miller, & Mor, 2000; Gerardo, Teno, & Mor, 2009; Mor, Zinn, Angelelli, Teno, & Miller, 2004; Reed & Andes, 2001; Smith, 1990, 1993, 1999; Smith, Feng, Fennell, Zinn, & Mor, 2007, 2008; Wallace, 1990). Expanding our knowledge of the contextual factors associated with nursing home diversity is necessary to address barriers to long-term care by racial/ethnic minorities (Fennell et al., 2000; Wallace, Levy-Storms, Kington, & Andersen, 1998).

Chronicling the lack of racial/ethnic diversity

Demographers have correlated institutional diversity with residential housing patterns (Reardon, Yun, & Eitle, 2000). Prior

studies of the nursing home industry show that the pattern of segregation often mirrors that of residential segregation (Smith, 1990, 1993; Smith et al., 2007, 2008; Wallace, 1990). However, Smith et al. (2007, 2008) argue that residential segregation is not the only factor explaining the lack of diversity in nursing homes. For example, they note that U.S. Medicare policies have not sufficiently promoted integration within this industry to the same extent that it was promoted within the hospital industry. Other research has shown that nursing homes are less likely to locate in areas where minorities tend to live; hence, structural barriers may further limit access to services for this population (Brooks, 1996).

Nursing homes in the US have been characterized as a two-tiered system. The lower-resourced tier consists of facilities whose residents are mainly on Medicaid and who disproportionately service Black residents than higher-resourced facilities (Mor et al., 2004). In a recent study, Chisholm, Weech-Maldonado, Laberge, Lin, and Hyer (2013) found that facilities with a high proportion of Blacks had lower quality and worse financial performance compared to other facilities. Therefore, while rates of use of nursing homes have increased for Black residents, equal access to higher quality nursing homes has not (Smith et al., 2008).

The overarching goal of this study was to explore organizational, payment, and market level factors associated with racial segregation in nursing homes. Exploration of nursing home racial/ethnic

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diversity at the market, county, and state level have been conducted (Smith, 1990, 1993, 1999; Smith et al., 2007, 2008); however, few studies provide an understanding of nursing home resident diversity within markets using national data. We examined the following specific aims: 1) to confirm the previously reported association between residential racial segregation and nursing home segregation; 2) to evaluate the extent to which for-profit/chain nursing homes were more racially diverse than other nursing homes; 3) to examine the role of market competitiveness in reducing racial segregation in nursing homes; and 4) to evaluate the extent to which higher Medicaid rates improves racial diversity in nursing homes.

Theory and hypotheses

The Behavioral Model of Health Services Use posits that a key component in determining health care use is access to health care resources (Andersen, 1995; Andersen & Newman, 1973). Although the original model focused on individual behaviors, later modifications of the model increased attention to vulnerable populations and acknowledged the importance of systems and organizational factors that may serve as access barriers to health care services (Gelberg, Andersen, & Leake, 2000). We hypothesized that factors beyond residential racial segregation would explain variations in racial segregation in nursing homes. In particular, we hypothesized that the profit orientation of the home and nursing home chain affiliation would influence nursing home segregation patterns. We also hypothesized that market level factors, including the competitiveness of the nursing home market and the state Medicaid reimbursement rates, would be associated with nursing home segregation.

An example related to payer mix and nursing home diversity sets the stage for our hypotheses. For nursing homes existing in an environment of decreasing reimbursement and increasing competition from substitute providers, better financial performances hinges on having a better payer mix (e.g. more private pay and Medicare beneficiaries), which may result in reduced or limited diversity as minority elders are more likely than White elders to be Medicaid recipients (Mor et al., 2004). However, facilities operating in highly competitive markets may be more willing to accept residents regardless of payer to maintain sufficient occupancy and revenues. Thus, as the need for revenues increases the attractiveness of all individuals who present, the extent to which organizational factors impact diversity may be modified by the underlying competitiveness of the market in which the nursing home operates.

Ownership status and multi-facility chain affiliation

Ownership status has been shown to be associated with numerous organizational factors such as access to services, cost, quality, trustworthiness, and pricing (Hillmer, Wodchis, Gill, Anderson, & Rochon, 2005; Schlesinger & Gray, 2006). Smith et al. (2007) found that US not-for-profit nursing homes were less racially and ethnically diverse than for-profit nursing homes. Smith suggested that the historical development of not-for-profit nursing homes as locations to house elderly members of fraternal orders, philanthropic societies, and churches led to this type of nursing home having less resident heterogeneity than for-profit nursing homes. Additionally, for-profit nursing homes are driven by the need to keep beds filled, which is one method to ensure increased profits. Thus, for-profit nursing homes may be more likely to admit residents regardless of demographic criteria as compared to their not-for-profit counterparts (Grabowski, 2004).

Similar to for-profit nursing homes, chain affiliated nursing homes may operate under certain constraints universal to

members of the chain. Specifically, each member may need to maintain a degree of financial viability or it may be slated for closure or expulsion from the chain (Bader, Kazemek, & Witalis, 2005, p. 34). Thus, chain affiliated nursing homes may have more liberal admission policies for residents compared to independent nursing homes. According to the National Nursing Home Survey, there are more minority residents residing in for-profit and chain affiliated nursing homes compared to not-for-profit and independent nursing homes (Jones, Dwyer, Bercovitz, & Strahan, 2009, pp. 1–155). Therefore, we hypothesize that for-profit chain-affiliated nursing homes will be more racially/ethnically diverse than nursing homes of any other ownership/chain combination.

Medicaid reimbursement rate

In conjunction with other criteria, the decision to admit or not admit residents may be influenced by payer mix as this represents a crucial performance-driven indicator for nursing homes (Mor et al., 2004). Medicaid payment rates are lower than Medicare rates and private pay prices, with Medicaid rates estimated to be about 70% of private pay prices (Grabowski, 2004). As such, nursing homes seek to increase private pay and Medicare admissions while decreasing or keeping constant Medicaid admissions. This preference for private pay and Medicare residents results in de facto economic discrimination. Because members of racial/ethnic minority groups entering nursing facilities are more likely than non-Hispanic Whites to be Medicaid recipients, nursing facilities may have few financial incentives to admit them (Knox, Blankmeyer, & Stutzman, 2006; Mor et al., 2004). Thus, a key factor driving the admission decision is the state's Medicaid reimbursement rate. Given that there are variations across states Medicaid reimbursement rates, we expect that higher Medicaid reimbursement rates will make Medicaid residents more attractive to nursing homes. We hypothesize, therefore, that nursing homes located in states with higher Medicaid reimbursement rates will be more racially and ethnically diverse than nursing homes located in states with lower Medicaid reimbursement rates.

Market competition

The overarching goal of many firms is to ensure long-term sustainability by developing and implementing strategies designed to provide competitive advantage. Pursuing a specific payer and/or case mix is a component of the strategic plan designed to provide ongoing competitive advantages (Mukamel, Spector, & Bajorska, 2005). Clearly, not all strategies will lead to sustained competitive advantages for all firms (Simonet, 2007), or the external environment may change such that the current strategy no longer leads to competitive advantages (Zinn, Mor, Feng, & Intrator, 2009). In addition to regulatory and demographic changes forcing nursing home strategic adaptation, increased market competition may force nursing homes to adapt strategies to maintain viability. Nursing homes that are unable to make the adjustments or those that make unsustainable adjustments may be unable to remain viable. Increased market competition may limit nursing home discretion in resident admissions (Mukamel et al., 2005). Therefore, we hypothesize that nursing homes located in competitive markets will be more racially and ethnically diverse than nursing homes located in less competitive markets.

Methods

Data sources

The study used four data sources: Minimum Data Set (MDS), the Online Survey, Certification, and Reporting (OSCAR) file, the Area

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