

Volume I: The Economic Impact of Nursing Homes in the Commonwealth of Pennsylvania

Final Report

Prepared for:
The Pennsylvania Health Care Association

March 31, 2005



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EXECUTIVE SUMMARY

Continued increases in longevity among the U.S. population, including those with chronic diseases or disabilities, are creating a demand for more LTC services of all types. Pennsylvania currently ranks second among the fifty states in the proportion of residents aged 65 and over. The Commonwealth's fastest growing age group includes those aged 85 and over. The Commonwealth's Medicaid expenditures for LTC services rose from \$4 billion in 1998 to \$5.7 billion in 2003. An estimated 750,000 individuals in the state currently require LTC services.¹

Although occupancy levels in Pennsylvania nursing facilities have declined somewhat over the last few years, the rapidly growing aged 85 and over population in the Commonwealth necessitates a critical appraisal of the population's need for LTC services in the future - both facility-based and home and community based services (HCBS) - and how these services should be coordinated. This appraisal has important implications for the Commonwealth's economy as well as the LTC community. With the current policy emphasis on HCBS LTC services, and the use of various provider taxes and intergovernmental transfers (IGTs) which may not be sustainable, there is a growing concern over the future financial viability of nursing homes. As such, various economic and healthcare delivery scenarios must be considered in future planning in order to assure an adequate supply of all types of LTC services to meet the complex needs of an aging population.

Study Questions

Given these concerns, PHCA commissioned The Lewin Group, Inc. to conduct a study that would address two basic questions:

1. What is the current economic impact of the nursing facility community on the Commonwealth?; and
2. What LTC services will be needed and available over the next ten years?
 - What is the current supply of LTC services in the Commonwealth?
 - What will be the demand for LTC services in the Commonwealth over the next ten years?
 - Given the current supply of LTC services and the estimated rate of growth in the demand for these services, what are the trade-offs between providing nursing facility care versus HCBS?

¹ The Lewin estimate of population with one or more ADL, IADL and mental retardation/ developmental disability approximates 626,000. The Lewin estimate does not include persons with cognitive impairments only. The estimate of 750,000 is based on a report prepared by the Intra-Governmental Council on Long Term Care, 1998.

This report is Volume I of a two volume study commissioned by the Pennsylvania Health Care Association (PHCA). Volume I address the first of these two questions and contains information on the economic impact of nursing homes on the Commonwealth of Pennsylvania. Volume II contains information on long term care services (LTC) that will be needed and available over the next ten years in the Commonwealth of Pennsylvania.

Methodology

We use a combination of qualitative and quantitative analytic methods to address the economic study question. The qualitative method includes a focused review of the literature and interviews with key informants. The conceptual framework that supports our quantitative analysis of the economic impact of changes in nursing home capacity on the Commonwealth is the Bureau of Economic Analysis' Regional Industrial Multiplier System (RIMS-II) input-output model, a well documented regional economic accounting framework.

Findings

Nursing homes serve not only patients and their families, but also their communities. Similar to hospitals, nursing homes create jobs and generate significant economic activity. Pennsylvania's nursing homes currently employ almost 91,000 individuals representing \$2.2 billion in wages, with net revenues of over \$5.6 billion in fiscal year 2002, which represents 1.4 percent of the Commonwealth's gross domestic budget. These gross receipts of \$5.6 billion represent final demand of more than \$13 billion and employment of 200,406 workers, both of which are reflected across the Commonwealth's major economic regions and the majority of its many industries.²

In addition, some rural areas rely on nursing homes as a major source of employment. Potentially, some of the nursing homes' workforce could be absorbed by expansion of HCBS in the event of nursing home closures. However, if HCBS expansion is not adequate to fill the employment gaps in areas experiencing nursing home closures, these closures could have a significant impact in certain areas and ultimately impact patient access to LTC services. In urban areas that have recently experienced nursing home closures with highly saturated LTC markets, for example, large portions of the workforce displaced by closures may not have been re-employed, leading to negative economic impacts on these communities.

² By way of comparison, a report published by The Hospital and Healthsystem Association of Pennsylvania ("Beyond Health Care Pennsylvania Hospitals: Key Assets to State's Economy," Fall 2004, Updated Edition) indicates that hospitals in the Commonwealth of Pennsylvania have a total direct spending of \$23.4 billion (compared to \$5.6 billion for nursing homes), a final demand of \$55.7 billion (compared to \$13.3 billion for nursing homes) and employment of 522,842 workers (compared to 200,406 workers for nursing homes).

A. Introduction

Continued increases in longevity among the U.S. population, including those with chronic diseases or disabilities, are creating a demand for more LTC services in every sector. This is particularly true in Pennsylvania, which currently ranks second among the fifty states in the proportion of residents aged 65 and over. The Commonwealth's fastest growing age group includes those aged 85 and over. The Commonwealth's Medicaid expenditures for LTC services rose from \$4 billion in 1998 to \$5.7 billion in 2003. An estimated 750,000 individuals in the state currently need LTC services.^{3,4}

Although occupancy levels in Pennsylvania nursing facilities have declined over the last few years, the rapidly growing aged 85 and over population in the state necessitates a critical appraisal of the population's need for LTC services in the future – both facility-based and HCBS. This appraisal has important economic implications for the entire Commonwealth as well as the LTC community. With the current emphasis on HCBS LTC, the potential dismantling of provider taxes and IGTs, and looming changes in both the Medicaid and Medicare programs, there is growing skepticism about the current and future viability of nursing homes. As such, various economic and healthcare delivery scenarios need to be considered in future planning.

Study Questions

Given these concerns, PHCA commissioned The Lewin Group, Inc. to conduct a study that would address the two basic questions:

1. What is the current economic impact of the nursing facility community on the Commonwealth?; and
2. What LTC services will be needed and available over the next ten years?
 - What is the current supply of LTC services in the Commonwealth?
 - What will be the demand for LTC services in the Commonwealth over the next ten years?
 - Given the current supply of LTC services and the estimated rate of growth in the demand for these services, what are the trade-offs between providing nursing facility care versus HCBS?

This report (Volume I) address the first of these two questions. Volume II contains information on the LTC services that will be needed and available in the Commonwealth of Pennsylvania over the next ten years.

³ The Lewin estimate of population with one or more ADL, IADL and mental retardation/ developmental disability approximates 626,000. The Lewin estimate does not include population with cognitive impairment only.

⁴ Intra-Governmental Council on Long Term Care, 1998.

B. Methods

We use a combination of qualitative and quantitative analytic methods to address the study questions. The qualitative analysis includes a focused review of the literature and interviews with key informants. The conceptual framework that supports our quantitative analysis of the economic impact of changes in nursing home capacity on the Commonwealth is the Bureau of Economic Analysis' RIMS-II input-output model, a well documented regional economic accounting framework. Below is a brief description of the methodology for the qualitative and quantitative analysis in each of the focus areas.

a. Qualitative Data Collection and Methodology

The qualitative methodology consisted of a review of the literature and a series of interviews with key informants to determine the extent to which nursing facilities serve as economic drivers within the Commonwealth.

The literature review comprised a focused analysis of recent journal articles and pertinent state and federal government reports, a hand search of relevant bibliographies for additional supportive materials, internet research including Medline, and contact with various Pennsylvania officials to identify additional materials under development.

In order to place study issues into perspective and develop a series of working hypotheses, The Lewin Group conducted a series of telephone interviews (See **Appendix A** for interview protocols). The respondents contacted were identified as experts in one or more areas related to the provision of LTC services in the Commonwealth of Pennsylvania. During approximately sixteen structured telephone conversations, (each lasting between 45 and 90 minutes) we covered, among other topics, the current economic environment for LTC services in the Commonwealth.

b. Quantitative Data and Analytic Methods

Our quantitative analysis used multiple sources of secondary data to determine:

- The current economic contribution of the nursing facility community in Pennsylvania through analysis of the Bureau of Labor Statistics Covered Employment and Wages data and 2000 Census data; and
- The nursing facility community output, income, and employment economic state and regional multipliers using the Department of Commerce's Bureau of Economic Analysis RIMS-II input-output model.

In addition to the overall Commonwealth economy, twelve key areas within the state were included in the economic analysis. These areas include; Altoona MSA, Pittsburgh MSA, Harrisburg-Carlisle MSA, Lebanon MSA, Reading MSA, Scranton-Wilkes Barre MSA,

Williamsport MSA, Bedford County, Greene County, Jefferson County, Schuylkill County, and Philadelphia MSA.

The conceptual framework that supports our analysis of the economic impact of changes in nursing facility output on the Commonwealth is the RIMS-II input-output model, a well documented regional economic accounting framework. Under this framework, a series of inter-industry relationships within the selected economies were examined. Through use of the RIMS-II input-output model we are able to examine the effects of changes in nursing facilities' output on revenues and employment in the state. These datasets were used for the quantitative analyses and are briefly discussed below:

The Bureau of Economic Analysis Regional Industrial Multiplier System (BEA)(RIMS-II) was developed by the US Department of Commerce. The RIMS-II model provides regional industry multipliers for output, employment, and earnings, which are used to estimate economic impact. This report uses a dataset of RIMS-II final demand multipliers to estimate the economic impact of nursing facility supply patterns on the Commonwealth of Pennsylvania as a whole and in the study's twelve selected areas.

Covered Employment and Wages (CEW) is a quarterly database of employment and wage statistics representing workers covered by State unemployment insurance (UI) laws and federal workers covered by the Unemployment Compensation for Federal Employees (UCFE) program. Information tabulated for CEW is a cooperative effort of the US Department of Labor Bureau of Labor Statistics (BLS) and the State Employment Security Agencies (SESAs).

Volume I of this report uses CEW data in conjunction with RIMS-II multipliers to calculate both final demand effects of nursing facility production and output and the direct and indirect effects of nursing facility employment and wages on the Pennsylvania economy.

C. Findings

We begin with a discussion of our qualitative findings regarding the economic impact of nursing facilities in the Commonwealth. These findings set the stage and provide important context for our quantitative analysis. In the quantitative findings section, we provide the baseline direct economic impact of the nursing facility community on the Commonwealth's economy. In the final section, we present our analysis of the indirect economic contribution of nursing facilities on the output and employment effects of nursing facilities' supply based on state and regional multipliers.

1. Interview Findings on Economic Impact

Similar to other states, Pennsylvania provides a range of LTC services to the elderly and individuals with disabilities. During the interview process, respondents described the current state of the LTC market in Pennsylvania and gave their opinions as to whether Pennsylvania's LTC market was reflective of market developments occurring at a national level.

The impact of nursing facilities on the Commonwealth's economy is widely recognized. Nursing facilities are the predominant employers and important economic entities in many

rural communities within the Commonwealth. Due to an aging population and increase in life expectancy, most respondents opined that nursing facilities will continue to play a key role in LTC delivery. However, health care professionals will follow the shifts in LTC market demand if nursing facilities contract and HCBS expands.

Most respondents noted that the closure of nursing homes could have a significant impact in certain areas and ultimately impact patient access to LTC services, if HCBS expansion is not adequate to fill the gaps in these areas. In urban areas that have recently experienced nursing home closures with highly saturated LTC markets, for example, large portions of the workforce displaced by closures may not have been re-employed leading to negative economic impacts on these communities.

Nursing home closures in rural areas could potentially have a devastating effect on the local economy and the residents of the nursing homes. However, one respondent indicated that the employment effects of nursing home closures could be mitigated by increases in HCBS. In Pennsylvania, many people live and work in the same community. Many of the direct care workers would still be needed in the community and would tend to shift their duties from an institutional setting to an assisted-living setting as possible. Hence, some of the nursing home workforce could be absorbed by HCBS expansion in the event of nursing home closures. This assumes, however, that nursing home closures and increases in HCBS will be mirror images. Given the uneven distribution of nursing homes this is problematic.

Another adverse outcome of nursing home closures is the relocation of the nursing home residents. Respondents cited several examples of nursing home closures whereby the residents relocated to other nursing homes. Consequently, the residents' friends and family members were required to travel greater distances. Respondents also indicated that it is difficult to find placement for residents in other nursing homes. Finally, some respondents alluded to the "middle-class squeeze," that is, Pennsylvania residents who may find it a challenge to pay for LTC services since they are not wealthy enough for private pay nor poor enough to receive state funding.

2. *The Direct Economic Impact of Nursing Facilities*

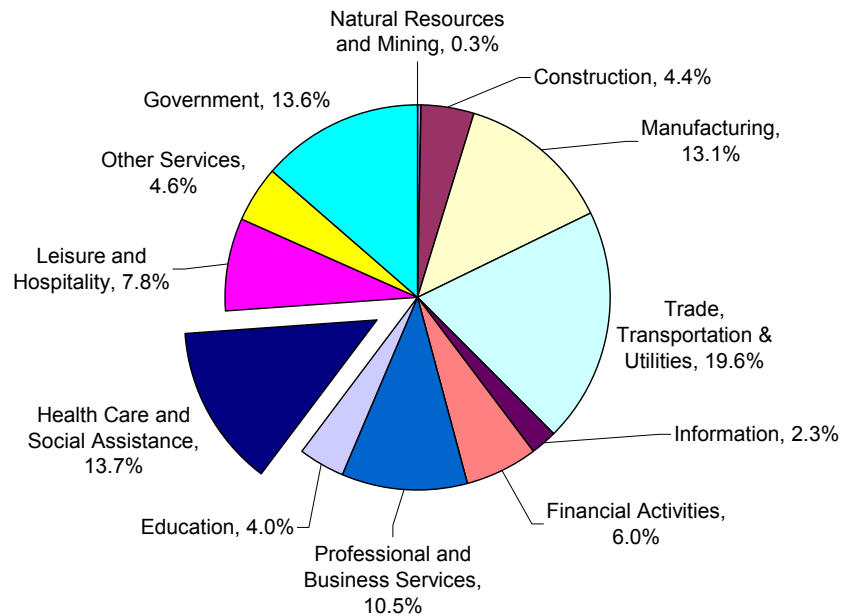
Nursing facilities are an integral part of Pennsylvania's economy. The output from nursing facilities is estimated at 1.4 percent of the gross Commonwealth domestic product (which was \$403 billion in 2000). A significant change in the number of nursing facilities and those they employ in Pennsylvania would have a large direct economic impact, especially in rural areas. In 2002, Pennsylvania's healthcare community represented 12.2 percent of all non-farm jobs.⁵ Nursing facility employment as of 2002 represented 1.6 percent of all non-farm jobs in the Commonwealth.

⁵ Lewin Group analysis of Bureau of Labor Statistics, Covered Employment and Wages (CEW) data.

Exhibit 1 illustrates the distribution of employment in Pennsylvania. Health care and social assistance employment represent approximately 13.7 percent of all jobs in the Commonwealth. Of the 13.7 percent, nursing and residential care facilities employment comprises 23 percent. Nursing facilities employ almost 91,000 individuals representing \$2.2 billion in wages throughout the Commonwealth with net revenue of \$5.6 billion.

Despite a challenging environment fostered by the growth in private health plans and escalating costs, Pennsylvania’s healthcare community is growing. The percent of those employed in the health care field⁶ as a percent of total non-farm employment has risen steadily since 1993.⁷ However, the number of nursing facility beds has declined somewhat despite an increase in the elderly population with disabilities.

Exhibit 1 : The Distribution of Employment in Pennsylvania as of February 2003.



Source: Pennsylvania Labor Force website (www.dli.state.pa.us/landi/lib/landi/cwia/plf/200304plf.pdf)

3. Indirect Effect of Nursing Facilities on the Pennsylvania Economy

Nursing facilities directly provide local economies with substantial income and employment opportunities. Additionally, the direct revenues and jobs originating from nursing facilities can have an indirect effect on other local economic sectors. In the short-term, the closure of nursing

⁶ Those considered as employed in the health care field include those working in physician offices, ambulatory care, hospitals, and LTC facilities.

⁷ Lewin Group analysis of US Census Bureau, Census 2000 data

facilities will ripple through other economic sectors, since the demand for locally provided inputs, including labor and goods, will respond proportionately. Over the long-term, if there are widespread closures of nursing facilities, this loss could cause restructuring in other health care and industry sectors, as well as wage and price movement. Also in the long-term, potential reductions in nursing facility availability could further impact the economic development of a region, as individuals, businesses and other institutions explore other communities in which to relocate.

Current evidence indicates a slight reduction in the overall number of nursing facilities in Pennsylvania. Given regulatory pressure, and anticipated future Medicaid payment levels, the future financial stability of the nursing facility community is in some question. Effects of these types of trends are already being felt in various states around the country in the form of decreased access to LTC services or substantial growth in HCBS and stagnation in the number of nursing facility beds per 100,000 population.

Using RIMS-II, Lewin estimated the economic impact of Pennsylvania's nursing facilities. Spending by an industry will have multiple rounds of impact on its regional economies; the RIMS-II regional multipliers are designed to estimate this "ripple effect." RIMS-II regional multipliers are designed to measure both the direct and indirect impact of a specific industry on the regional economy, and are based on national data adjusted to the regional level.

After consulting with BEA staff as to which multipliers would be relevant for this analysis, the final-demand output multiplier was selected to determine the total economic impact of nursing facilities on local economies. Using this multiplier, we were able to estimate the total economic activity generated in selected areas due to the presence of nursing homes. The final demand multiplier for output indicates the total change in output in all industries resulting from a dollar change in final demand output by nursing facilities.

According to the BEA's economic multipliers, nursing facilities in the select areas, as well as the Commonwealth as a whole, have a significant impact upon the majority of Pennsylvania's industries.

Using 2002 estimated net revenue of nursing facilities by selected geography, we calculated the final-demand output, earnings, and employment effects for the Commonwealth of Pennsylvania and the twelve selected areas. *Exhibit 2* summarizes these economic effects. Column 1 provides estimated net revenue. Column 2 provides the total economic output associated with column 1's net revenues. Column 3 contains the earnings driven by column 1's net revenues. Column 4 presents the number of overall jobs driven by nursing home net revenues. Columns 5, 6 and 7 provide the associated final demand multipliers.

Exhibit 2: Final Demand Multiplier Effects by Select Areas and the Commonwealth (2002)

Regional Area	Estimated Net Revenue	Regional Economic Contribution Based on Final Demand Multipliers			Final Demand Multipliers		
		Output (\$)	Earnings (\$)	Employment (Jobs)	Output (\$)	Earnings (\$)	Employment (Jobs)
	(col. 1)	(col. 2 = col.1 *col.5)	(col. 3 = col.1 *col.6)	(col. 4 = col.1 *col.7)	(col. 5)	(col. 6)	(col. 7)
Commonwealth of Pennsylvania	\$5,613,626,216	\$ 13,383,446,262	\$ 5,268,949,566	200,406	2.3841	0.9386	35.700
Altoona MSA	\$76,539,109	\$ 123,059,579	\$ 43,397,675	1,680	1.6078	0.5670	21.944
Pittsburgh MSA	\$989,502,304	\$ 2,114,368,523	\$ 838,306,352	31,155	2.1368	0.8472	31.486
Harrisburg-Carlisle MSA	\$263,043,382	\$ 474,714,391	\$ 159,877,768	6,059	1.8047	0.6078	23.032
Lebanon MSA	\$95,049,832	\$ 153,324,884	\$ 57,467,128	2,238	1.6131	0.6046	23.544
Reading MSA	\$152,065,320	\$ 270,797,922	\$ 99,116,176	3,762	1.7808	0.6518	24.737
Scranton-Wilkes-Barre MSA	\$285,292,266	\$ 530,386,852	\$ 209,889,520	7,980	1.8591	0.7357	27.973
Williamsport MSA	\$63,965,307	\$ 104,711,208	\$ 40,790,676	1,572	1.6370	0.6377	24.575
Bedford County	\$11,267,773	\$ 16,580,528	\$ 7,066,020	279	1.4715	0.6271	24.736
Greene County	\$12,759,040	\$ 16,631,409	\$ 6,877,123	268	1.3035	0.5390	21.026
Jefferson County	\$25,911,879	\$ 34,892,936	\$ 12,010,156	465	1.3466	0.4635	17.950
Schuykill County	\$80,748,000	\$ 128,171,300	\$ 52,445,826	2,031	1.5873	0.6495	25.152
Philadelphia MSA (PA Only)	\$1,687,295,568	\$ 3,821,218,273	\$ 1,448,205,786	55,175	2.2647	0.8583	32.700

Source: The Lewin Group analysis of the RIMS-II input output model. The employment is measured on the basis of a \$1 million change in output delivered to final demand.

Pennsylvania nursing facilities had an estimated \$5.6 billion dollars in net revenues in 2002, resulting in a final demand effect of \$13.4 billion on output (using the final demand multiplier of 2.3841), \$5.3 billion on earnings (using the earnings multiplier of .9386), and supporting 200,406 jobs for all industries statewide (the employment multiplier of 35.700 represents the number of new jobs created by an increase of \$1 million in nursing facility net revenue). The MSA and county nursing facility numbers are less leveraged in that their final demand multipliers are smaller, as they represent smaller areas over which the multipliers can have an effect. Yet, nursing homes are still significant contributors to their local communities.

Given the economic value of the nursing home community to Pennsylvania's economy, it is important to examine the future role of nursing homes in the provision of LTC services to the population with disabilities. In Volume II of this report, we estimate the growth of population with disabilities in the Commonwealth and model the role played by nursing homes in the provision of LTC services. The report also examines the current supply of nursing homes relative to other LTC services.

4. Unintended Consequences of Nursing Home Closures

An important and unintended consequence of nursing home closures is the loss of productivity of informal caregivers (i.e., friends or family members providing care in the home) in the labor force. Currently, US employers lose between \$11.4 billion and \$29 billion dollars per year due to a decrease in productivity of informal caregivers. Altered work schedules were the primary cause of this decrease in productivity, even among those that worked eight hours per week. In addition to work schedules, informal caregiving affects the number of hours worked, the

quality of work, and the ability to change jobs, (i.e. interviewing time, job adjustment period, etc). Informal caregivers spend approximately eight years providing care to family members or friends, with an average of approximately 17.9 hours a week devoted to caregiving. The expected amount of time that will be devoted to caring for family members was approximately two years, which is far below the actual number of years eventually required. Additionally, caregivers often spend almost \$20,000 out-of-pocket per year in expenses related to caregiving. The economic value of informal caregiving was estimated to be approximately \$196 billion dollars, approximately 18 percent of the total national health care spending (\$1.1 billion in 1997).⁸ We would assume comparable relationships for the Commonwealth.

D. Conclusion

The current LTC environment is in a state of flux in the Commonwealth of Pennsylvania. While the Commonwealth's policy makers increasingly focus on "rebalancing" the Medicaid program by increasing the percentage of government funded LTC services provided in HCBS settings, the private market has diversified into a wide array of options for consumers with private resources. These fluctuations are occurring as backdrop to the growing demand for LTC services in Pennsylvania, which The Lewin Group estimates will rise 17 percent from 2002 to 2015. After 2015, the Commonwealth must confront the "demographic train wreck" of an aging baby boom population beginning to demand LTC services in earnest. Consequently, it is essential that public policymakers fully appreciate the evolving need for, and current supply of, LTC services in Pennsylvania.

Nursing homes in particular have a major impact on Pennsylvania's economy. In 2002, nursing homes employed almost 91,000 individuals, paid \$2.2 billion annually in wages, and generated gross receipts of over \$5.6 billion each year. These gross receipts represent final demand numbers of more than \$13 billion and employment of more than 200,000 workers, which are reflected in the Commonwealth's major economic regions and across the majority of the Commonwealth's industries. Simply put, each \$1 million spent on nursing home care and services generates more than 35 jobs in Pennsylvania. In addition, rural areas in particular rely on nursing homes as a major source of employment.

Despite their important contribution to the economy, the supply of nursing home capacity has declined steadily in the past few years. The Department of Public Welfare has further constrained capacity through its policy against certification for additional nursing home beds in most circumstances. In the meantime, the availability of other forms of LTC, such as personal care homes, assisted living facilities and HCBS, has grown substantially. The resultant distribution of LTC services is uneven in different regions of the state. Ultimately, the decrease in the nursing homes capacity could have a significant economic impact in certain areas and ultimately impact patient access to LTC services. A careful assessment of the balance between nursing home and HCBS supply is necessary to minimize economic dislocation and optimize access to care. Volume II of this study provides information to guide the assessment.

⁸ Pandya, Sheel and Barabara Coleman. "Caregiving and Long-Term Care". AARP. December 2000
http://research.aarp.org/health/fs82_caregiving.html August 26, 2004

APPENDIX A: INTERVIEW PROTOCOLS

LONG TERM CARE PROVIDERS

Hi, my name is _____ and I work for the Lewin Group. The Lewin Group is an independent research organization in the Washington, DC area and we are studying the long term care (LTC) service need and market capability in the Commonwealth of Pennsylvania. We are interviewing LTC service providers such as yourself in order for us to learn about the existing LTC marketplace in the state.

a) Background

1. Please tell us about your facility. (probes: size, locale, payer mix)
2. What range of LTC services are provided at your facility? What are the types of LTC services (facility-based and community-based) provided in your community?
3. Please describe the intensity of LTC service use by your clients. (i.e. case mix, acuity, patient mix, (rehab) etc.).

b) Factors Affecting Supply

4. What are some factors that affect the supply of LTC services in your community as well as in PA?
5. What about....
 - a. Licensure?
 - b. Other state or federal regulations, e.g. CON etc.?
 - c. Public payment levels?
 - d. Private payment levels?
 - e. Workforce issues?
 - f. Malpractice insurance costs?
 - g. Consumer demand/marketplace?

6. How do you think the supply of LTC services in Pennsylvania is going to change in the next ten years? Do you think it will vary by type of LTC service? (Probe: nursing facility versus other types of facility-based care, facility-based versus community-based LTC services)

c) Factors Affecting Demand

7. Please describe the characteristics of the population that you serve. (probe: payer mix, services needed, age, acuity level, socioeconomic status, race, gender, etc.) Have you seen any trends in these characteristics?

8. What are some factors that you think may affect the demand of LTC services in your community as well as in PA?

9. What about....

- a) Alternative models of care (e.g. interest in home and community based services)
- b) Aging population
- c) Technology
- d) The local economy
- e) Physical proximity
- f) Consumer awareness about the range of LTC services
- g) Referral sources (what are they, proximity)
- h) Cost

10. What are the current trends in disability rates in Pennsylvania? By disability rates, we mean functional limitations as measured by ADLs, IADLs, or cognitive impairment. Do you expect the trends to change in the next 10 years? As you look ahead, how do you think that the disability rates in Pennsylvania will impact the demand for LTC services?

11. What are the trends in terms of LTC service use for both the specific LTC services that your facility provides plus other LTC services? Do you expect these trends to change in the next ten years or in the future? How do you think demand for LTC services is going to change in Pennsylvania within the future or the next ten years? (Probe: changes in the model of LTC service delivery, trends in use of non-institutionalized services)

d) ECONOMIC EFFECTS

12. What are the economic effects of the LTC industry on other industries in your community and the state such as hospitals and other health care service providers?

13. How would the closure of particular LTC service providers affect access to care?

14. Do you think that the LTC market will be restructured in the future? If so, in what ways?

e) CONCLUSION

15. Are there any things unique to the provision of LTC services in Pennsylvania that we should be aware of?

16. Do you have any questions for us?

ANALYSIS OF DEMAND, MARKET CAPACITY AND ECONOMIC IMPACT OF LTC SERVICES

KEY INFORMANT PROTOCOL

Hi, my name is _____ and I work for the Lewin Group. The Lewin Group is an independent research organization in Washington, DC area and we are studying the long term care (LTC) service need and market capability in the Commonwealth of Pennsylvania. You have been identified as someone who is an expert in long-term care issues and we'd like your opinions on whether the existing long-term care market in Pennsylvania will meet the needs of the population in the next 10 years.

2. Please tell us about your work and how it relates to LTC services in Pennsylvania.

a) Long-Term Care Market in Pennsylvania

3. Currently, the Commonwealth provides a spectrum of LTC services. Describe the LTC market today in Pennsylvania.
4. Do you feel that the current supply of LTC providers meets the needs of the population?
 - Probe for the following constraints: a) workforce issues; b) regulatory requirements; c) liability issues; d) funding or financing issues; e) availability of informal caregivers.
5. What has been the reaction of the market and policymakers to address these concerns? (Probe for responsiveness to consumer demand.) Do you feel that these trends are reflective of the developments that are occurring nationally?
6. What are the current trends in disability rates in Pennsylvania? By disability rates, we mean functional limitations as measured by ADLs, Instrumental Activities of Daily Living (IADLs), or cognitive impairment. Do you expect the trends to change in the next 10 years? As you look ahead, how do you think that the disability rates in Pennsylvania will impact the demand for LTC services?

-
7. What are the consumers' preferences for LTC services? Do you see these preferences changing over time? (Probe for shifts from facility-based services to home and community-based services, role of case managements, and growth in technology)
 8. What do you think will happen to the LTC market in Pennsylvania over the next 10 years?
 9. How would you like the LTC market to develop in the next 10 years?

a) Economic Impact of LTC Services

Another task of the study is the contribution of the LTC sector to the economy of the Commonwealth.

10. What are your general impressions of the LTC sector's economic importance (e.g., employment and income) to Pennsylvania currently? How do you think this will change in the next 10 years? Which areas, if any, in Pennsylvania rely more on the LTC sector than others?
11. Our study will address the economic impact of LTC services on income and employment and the effect on other sectors of the economy. What other effects should be considered? (Probe for informal caregiving or shifts in the market.)
12. How would the closure or reduction of nursing facilities impact other health care providers, such as hospitals or other facility-based LTC providers (e.g., personal care homes)? How would it affect access to care?
13. How would the closure or reduction of nursing facilities impact health care professionals, such as RNs and paraprofessionals?