Hundreds of thousands of people who are older and disabled live in nursing homes not because they need specialized care or want to live in those facilities, but because Medicaid payment rules make that the only housing with daily living care they can afford.

Nursing homes serve 2 quite different populations. One requires short-term postacute care services. The other is long-stay residents who mostly need only basic daily living care, many of whom would prefer to be living in their own communities and among friends.

With nursing homes struggling to serve these different populations, the whole business model of care is under scrutiny. The National Academy of Medicine, for instance, has launched a major project on the quality of nursing home care. AARP is among the organizations exploring ways to make communities more age friendly. And recently, the Convergence Center for Policy Resolution brought together almost 50 care experts to share ideas for a redesigned system of care.

Some important themes and reform ideas are emerging from this reappraisal. These include making it more feasible for people to age in their own homes and communities, empowering nursing homes to focus on people who really need institutional care, and revamping insurance and the workforce.

Helping People Remain in Own Home and Community

Despite most people’s preferences, it is challenging for older adults requiring daily living help to stay in their own home and community. Fortunately, several innovations are helping. The senior village movement, for instance, uses networks of supportive volunteers to help with such needs as transportation, shopping, and visits to physicians. Another approach, the rigorously evaluated CAPABLE program uses teams composed of an occupational therapist, a nurse, and a handyman to develop a plan to help an older person achieve functional goals. Developments in smart technology make it easier to monitor the medical and safety status of older people in their homes. The “Hospital at Home” care model features providing services that enable more people to receive even some acute at home, and “SNF at Home” (skilled nursing facilities) are beginning to provide postacute care that is normally available only at a skilled nursing home. And some developers are designing “healthy villages,” transforming once-failing hospitals into hub-and-spoke networks of medical and support services for home-based care.

Still, home-based services are expensive, forcing many people into nursing homes despite their preferences. This happens in part because although Medicaid will pay for some home- and community-based services for certain populations—including people with intellectual, development, or physical disabilities—the program covers room and board costs only in nursing homes, even if institutional accommodation is much more expensive. A partial solution to that predicament might come from states requesting Medicaid Section 1115 or Section 1915 (c) waivers (the latter covering home care) from the federal government to pilot more home-based care. But it would still take a statutory change in Medicaid, and a reform of Medicare, to remove the payment bias against aging at home.
Empowering Nursing Homes to Focus on Those Needing Institutional Care

The corollary of expanding home-based care would be a strategy to pare back nursing homes. With this in mind, some experts advocate extended care wings in hospitals as an alternative to sending so many postacute patients to skilled nursing homes. Others press for more small, homelike assisted living facilities, such as “green houses,” for people needing long-term services—a popular but more expensive option that would need state coordination and support. In the 1980s, for example, Oregon embarked on a comprehensive strategy to move many residents from large nursing home facilities to a variety of assisted living and home-care settings. That effort required a Medicaid waiver, new financing instruments, and revamped operating regulations.

Rationalizing the nursing home sector in this way would have the effect of cutting key sources of revenue for traditional facilities. Thus, it is essential to invest in nursing homes if they are still to care for people who are so frail or impaired that no other setting is feasible. A better quality and more focused sector also would yield savings to Medicaid and Medicare. So part of the investment should be funded by adjustments to Medicare and Medicaid’s scope and payments, including even more flexibility for Medicare Advantage plans to cover nonclinical services.

Revamping Insurance and the Workforce

Rethinking care also requires attention to the caregiving workforce and to the rising costs faced by people who must pay out of pocket; a lengthy spell of care soon depletes most middle-class people’s savings and forces them onto Medicaid. Despite the rapidly rising costs to consumers, however, caregivers are poorly paid and trained, with median hourly earnings in 2018 below $12; almost half live close to the poverty level.

It would certainly seem difficult to raise caregiver earnings while also trimming caregiving costs. Some research, however, suggests that raising pay would make the care workforce more efficient and generate a healthy return on investment.

Meanwhile, one might expect long-term care insurance to be the appropriate tool to protect middle-class assets from the risk of devastating care costs. But with the combination of low interest rates curbing insurers’ investment income, high payouts on policyholders with Alzheimer disease and similar impairments, and low sales among young adults, policies are becoming more expensive and insurers are pulling out of the market.

However, there are 2 ideas on the table that might help. One is to integrate long-term care insurance into managed care health plans, such as Medicare Advantage or even employer-sponsored insurance. That would give health plans the incentive to include care services to help avoid costly institutional care. The other idea is to reduce the cost of private coverage by limiting the risk to insurers of high and uncertain future payouts by capping those payouts through a federal “catastrophic” program. A version of such proposal is being prepared as legislation by Rep Thomas Suozzi (D, New York).

Millions of older adults in the US are contemplating being uprooted from their homes and communities to afford and receive the care they might need. But innovations in services, housing, and social organizations mean that home-based aging is feasible for many more people. What is needed, urgently, is for policies on caregiving to recognize that.

ARTICLE INFORMATION

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