

## New Spin on Rehab in Nursing Homes

Centers competing with hospitals for short-term younger patients

**AP** Associated Press

March 2007

HATBORO, Pa. — John Smyth needed more than the big flat-screen TV, towel warmers and homelike furniture offered at the Willow Ridge Center to convince him to stay in the nursing home's rehab unit following knee-joint replacement.

What sold the 70-year-old retired plumber was the ability to sleep, eat and exercise in space separate from the suburban Philadelphia home's long-term patients — “the really older people,” he calls them.

“Both parents died in a nursing home and I guess that sort of put me against it a little bit,” said Smyth, a 6-inch stripe of metal staples still adorning his garishly swollen right knee.

With billions of dollars at stake, nursing homes across the nation are rushing to reinvent themselves to compete with hospitals and affiliated rehabilitation facilities for short-term, higher-paying patients like Smyth. They are spending hundreds of millions of dollars on renovations and additions and new features like aromatherapy, brightly colored decor, spacious therapy gyms and Internet cafes to try to create a new, warmer, less institutional image.

Most often, they are providing postoperative rehabilitation for knee- and hip-joint patients, but heart attack and stroke victims are also coming in for therapy. Though many are retirees, others are still in the work force and some patients are as young as their 20s.

Offering treatment at lower costs, nursing homes are undeterred by criticism that they do not have the expertise that hospitals do, and that some data show a decline in the quality of their rehab care.

The prospect of bigger payments has spurred a pace of building unusual for an industry with many properties dating to the 1970s, and which has seen home-based care and assisted-living facilities compete for the older, sicker patients who, while less profitable, have been their core customers for decades.

“Trying to attract a better-paying patient is a major strategy,” said Bill Bonello, a Wachovia Securities analyst in Minneapolis who tracks the nursing home industry.

Medicare, the federal health insurance program for the retired and disabled, pays two to three times more per day for its patients than Medicaid, which covers the vast majority of traditional nursing home patients.

“It's a higher-cost business, higher-risk business, but there's a greater opportunity” in rehab than in traditional nursing home care, said Tim Lukenda, president of Tendercare Michigan Inc.

Tendercare's just-opened facility in Suttons Bay, Mich., has fewer beds than is typical of its 29 other nursing homes. But the footprint is larger, with private rooms, a library lounge, interior courtyards and a “Main Street” featuring a beautician, massage therapist, mail room, barber and dining room.

The moves by the nursing home industry represent yet another assault on the hospital industry, which has seen other competitors, such as surgery centers, also siphon off some of its best-paying customers.



*Physical therapy assistant Al Principe, left, watches John Smyth, exercises during a therapy session at the Willow Ridge Center in Hatboro, Pa.*

Nursing homes have gotten a boost from the government, which in 2004 revised a two-decade-old Medicare rule and toughened enforcement to limit the number of enrollees who can stay in rehab hospitals. Also helping the industry: cost-cutting by managed-care companies and commercial insurers, which look for cheaper alternatives to post-surgery stays in hospitals.

Medicare paid \$6.4 billion to rehabilitation hospitals in the 2005 fiscal year and accounted for 70 percent of all discharges from the facilities, according to the Medicare Payment Advisory Commission, an advisory agency created by Congress.

As payments have shifted, rehabilitation hospitals discharged 18 percent fewer Medicare patients in 2006 than they did in 2004, a drop that is projected to be more than twice as steep in 2009, according to eRehabData, a service of the Washington, D.C.-based American Medical Rehabilitation Providers Association.

Medicare estimates that nursing homes can rehabilitate knee and hip replacement patients for a third and up to nearly half the cost of hospitals. The homes say they can provide care cheaper because they have much lower overhead than hospitals, including in areas such as services, staff and equipment.

Almost half of the nation's nearly 16,000 nursing homes are independently owned, while some others are run by chains with hundreds of facilities in more than a dozen states. Both the independents and the chains are adjusting to the new landscape. In Aurora, Colo., four nursing home operators are adding space for about 250 more rehab patients, including Cleveland, Tenn.-based Lifecare Centers of America Inc., which is building a 74-bed addition.

Renovations and new construction are making some nursing facilities feel more like homes or hotels, with Internet access, flexible therapy schedules and more meal choices. Some boast private rooms and bathrooms, huge therapy gyms and cafe-style eateries.

Salisbury, N.C.-based Lutheran Services for the Aging, which runs five nursing homes in North Carolina, is experimenting with aromatherapy to help transform common shower facilities into spas.

"We feel like we've probably gotten more people who are looking at the environment and want to spend more time and ask questions about how we do things," said Ted W. Goins Jr., Lutheran Services' president. "And I think that will only increase in the future."

Meanwhile, questions about the quality of rehabilitative care in nursing homes remain a concern.

The Medicare Payment Advisory Commission this month cited data that it said showed a falling quality of rehab care at nursing homes.

The commission said that, on average, nursing homes did not discharge as many patients as quickly in 2004 as they did in 2000, and that the number of their patients returning to the hospital for certain conditions rose during that period.

Dr. Andrew Star, an orthopedic surgeon who is the director of joint-replacement surgery at Abington Memorial Hospital in suburban Philadelphia, said rehab patients at nursing homes don't have the same access to therapy equipment or their doctors as they do at hospitals.

"The level of care is not nearly as good," he said.

The American Health Care Association, a Washington, D.C.-based nursing-home advocacy group, said data also exists to show the quality of rehab care at nursing homes is improving. But the association acknowledged that better information is still needed to measure and compare programs.

The nursing home industry says it has made major strides in rehabilitative care, accommodating doctors' visits, adding rehab therapists and nurses, and obtaining new equipment such as wound-closure vacuums and electrical stimulation machines.

One of the nation's largest nursing-home chains, Toledo, Ohio-based Manor Care Inc., has been among the most aggressive in seeking out short-term patients.

## New spin on rehab

Nursing homes are increasingly competing to attract short-term rehabilitation patients covered by Medicare and private insurers, both of which pay more than Medicaid, which typically covers long-term nursing home patients.

Average Medicare payment to:

■ Nursing home  
■ Rehabilitation hospital

Unilateral knee replacement

\$5,141  
\$9,571

Unilateral hip replacement

\$6,607  
\$10,308

Unilateral hip fracture

\$11,343  
\$14,675

SOURCE: Centers for Medicare & Medicaid Services

AP

Several Manor Care nursing homes, including one in Boca Raton, Fla., now handle primarily rehab patients and about half of all the patients in the company's 280 nursing homes are now discharged in under a month, said Chief Operating Officer Stephen Guillard.

In its 2005 annual report, Manor Care credited its shifting focus to rehab patients for its revenue growth, which exceeded 6 percent that year.

Attracting rehab patients has meant catering to a younger generation, many in their 50s and 60s, who have an aversion to what they view as the traditional nursing home.

Kennett Square, Pa.-based Genesis HealthCare Corp., which owns Willow Ridge and 220 other nursing homes, paid particular attention to separating the rehab wing from the long-term patients when it renovated its 10-year-old facility in Hatboro.

"A nursing home used to be where everyone checked in and they didn't check out," said Genesis' public relations director, Lisa Salamon.

Now, she said, many people go to their nursing homes "to learn how to walk and talk. Half the people we take in go home in 27 days."

When Smyth was told before his surgery that he would rehabilitate in a nursing home, he toured three different facilities. Willow Ridge won him over, but some of its extra touches — such as the brightly decorated shower facility and plush towels — went unappreciated by Smyth because his stay was to be a week.

"I can't get a real good shower until I get these staples out," Smyth said, "and I'll be home by then."

**Reference:**

<http://www.nbcnews.com/id/17789211/>