

Foreword to “Nursing Home Performance: Organizational and Environmental Factors”

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Abstract

This special collection explores the organizational and environmental factors influencing nursing home performance. The papers in this special collection fall into 3 broad themes. The first theme addresses issues related to nursing home quality measures and public reporting. The second group of papers examines how organizational resources and the environment may influence nursing home performance. The third group of papers examines the relationships among management, strategy, and performance. Findings from this special collection can inform managers and policy makers on best practices and policies that can enhance organizational performance and ultimately ensure access to long-term care.

Keywords

nursing homes, quality, financial performance, strategy, management, environment

Nursing homes face an increasingly competitive environment given the growth of assisted living and other community-based long-term services and supports. At the same time, nursing homes are facing Medicare and Medicaid reimbursement cuts as the federal and state government attempt to control ballooning health care costs. In this context, nursing homes face a plethora of organizational issues spanning from poor financial performance and inefficient services to high staff turnover and deficient quality of care. This may explain in part that over the past 2 decades, nursing homes have experienced falling occupancy rates and an increase in closures. Despite these environmental challenges, some facilities are able to survive and even thrive, while others fail. As such, it is important to understand the organizational strategies and environmental factors that can lead to better performance, in terms of both financial and quality performance. This special collection explores the organizational and environmental factors influencing nursing home performance.

The papers in this special collection fall into 3 broad themes. The first theme addresses issues related to nursing home quality measures and public reporting. Ryskina et al found that while the reporting of Nursing Home Compare's 5-star rating led to improvements in nursing home ratings over time, these changes were not accompanied by improvements in the rates of hospitalization, a broader measure of post-acute care quality. Given that prior to 2016, the 5-star rating was heavily weighted toward long-stay measures, the authors argue that as nursing homes focused on long-stay quality measures, postacute care quality may have been

crowded out. In response to some of the shortcomings of the 5-star rating, the Centers for Medicare and Medicaid Services (CMS) expanded the quality measures for short-stay residents or postacute care to include 4 additional measures of post-acute care quality in 2016. Saliba et al examined the performance of 3 of these new measures: rehospitalizations, emergency department visits, and successful discharges to the community. Their study showed significant national variation in performance in these measures, suggesting room for improvement.

The second group of papers examines how organizational resources and the environment may influence nursing home performance. Health information technology (HIT) is an organizational resource that has the potential to improve nursing home quality and increase efficiency. However, based on a systematic literature review and qualitative research, Ko et al found that nursing homes might not be reaping the benefits of HIT investment because of poor implementation and underinvestments in technology support and staff training. Another resource that can influence nursing home performance is payer mix.

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Medicaid-reliant nursing homes may face barriers in adopting innovations in care. One of these innovations is culture change, which attempts to transition nursing homes from institutional care to person-centered homes. Chisholm et al found that nursing homes with high culture change adoption in Florida had lower Medicaid census.

Environmental factors that may affect nursing home performance include the competitive environment, labor supply, and the litigation and regulatory environments. Weech-Maldonado and Lord et al found that high Medicaid (85% or higher) nursing homes operating in less competitive markets perform better financially. In addition, organizational slack resources such as having more beds, higher occupancy rate, and higher Medicare census, in addition to having a physician assistant/nurse practitioner, were associated with better performance among high Medicaid nursing homes. Lord et al found that increased assisted living capacity in the market was associated with lower financial performance in Florida nursing homes. However, assisted living capacity was not associated with lower nursing home occupancy, suggesting that assisted living results in financial/competitive pressures that may decrease nursing home financial performance, but not necessarily through lower occupancy. Using geographic information systems (GIS) analysis, Haun et al found that, contrary to their hypothesis, proximal density to nurse education resources was associated with lower quality in Alabama nursing homes. As nursing programs generally have stronger ties to hospitals, nursing home closer proximity to nursing education programs may be a proxy for greater competition for nurse recruitment.

Konetzka et al found that a high-risk malpractice environment was associated with ownership changes, but not closures. On the contrary, direct litigation was not related to closures or ownership changes. The authors conclude that a high-risk malpractice environment may not weed out low-quality facilities, but may lead to larger for-profit chains selling to smaller facilities. Finally, Harrington and Edelman, based on a case study of a litigation case of 12 Arkansas facilities of a large for-profit chain, illustrate how the failures of management and the regulatory system to ensure adequate staffing levels led to resident grievances and poor quality of care.

The third group of papers examines the relationships among management, strategy, and performance. In comparing high and low performers (resident-centered care and quality) among Veterans Health Administration's nursing homes (Community Living Centers), Sullivan et al found that high performers were characterized as having more leadership support, better teamwork/communication, a stronger organizational culture emphasizing continuous quality improvement, empowerment, and change, and greater use of training and rewards targeting resident-centered care. Stone

et al identified training and support of infection preventionists (IP) as needed to ensure infection control and antibiotic stewardship in nursing homes.

Several nursing home strategies are examined in this special collection. Weech-Maldonado and Pradhan et al posit that a differentiation strategy based on quality may result in competitive advantage. Their study results suggest a business case for quality, whereas nursing homes with better processes and outcomes of care perform better financially. Another strategy examined is the use of Alzheimer specialty care units (SCU). Blackburn et al showed that although chain-affiliated nursing homes were more likely to have an Alzheimer SCU, these facilities had a lower percentage of residents with dementia. The authors conclude that Alzheimer SCUs may be related to marketing strategies to attract residents rather than a response to demand.

Hogan et al explored the role of value-based reimbursement program, such as the Hospital Readmissions Reduction Program (HRRP), bundled payments, and accountable care organizations, on hospitals' decision to vertically integrate into subacute care (eg, skilled nursing facility and inpatient rehab unit). Using multiple-case study research, the authors found that health systems considered subacute care vertical integration as an important strategy in aligning with the incentives from value-based reimbursement. Finally, Gupta et al showed that the presence of a skilled nursing facility in a hospital was associated with lower readmission rates for acute myocardial infarction (AMI) and pneumonia. The authors conclude that hospital-based skilled nursing facilities may facilitate coordination of care for patients needing short-term skilled nursing or rehabilitation services, resulting in lower readmission rates.

Nursing homes represent an important component of the long-term care continuum as they provide care to one of the most vulnerable populations in need of extended nursing and personal care. As such, findings from this special issue can inform managers and policy makers on best practices and policies that can enhance organizational performance and ultimately ensure access to long-term care.

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