

THE WHITE HOUSE

WASHINGTON

August 4, 1971

MEMORANDUM FOR KEN COLE

FROM:

JIM CAVANAUGH 

SUBJECT:

Presidential Initiatives in
Nursing Home FieldFacts

	<u>1968</u>
Number of Institutions for the Aged	18,185
Number of Residents	743,293
Type of Ownership:	
Proprietary	77%
Private Non-profit	15%
Governmental	8%
Number of Discharges	661,089
Number of Employees (total)	505,031
Number of Employees (per 100 residents)	68
Average monthly charge per resident	
In nursing homes	\$295
In personal care homes	\$210

Other Facts

Number of persons 65 and over	20 million
% of population	9%
(In New Hampshire 11.2% of population is over 65)	
Number of persons 65 and over in nursing homes	900,000
Federal support of nursing home patient care, 1970	Over 1 billion dollars
State and local governments spend	\$700 million
Private sources spend over	\$900 million
Nursing home "industry" is close to	\$2.6 billion

Background

In Chicago on June 25, 1971, in remarks at a Joint Conference of the National Retired Teachers Association and the American Association of Retired Persons, the President referred to the depressing nature of some nursing homes and said:

"I think we should take notice of this problem. I am confident that our Federal, State and local governments, working together with the private sector, can do much to transform the nursing home --for those who need it, and of course, there are those who do not need it or want it--transform it into an inspiring symbol of comfort and hope.

"I have asked the White House Conference to give particular attention to it. One thing you can be sure, I do not believe that Medicaid and Medicare funds should go to substandard nursing homes in this country and subsidize them."

This decision paper is designed to set forth objectives and an action plan for an enlarged Federal program in the nursing home field.

Objectives of Proposed Program

1. Keep basic enforcement responsibility with State agencies.
2. Work with State governments to improve conditions in the Nation's nursing homes that receive Federal funds for care from the Medicare and Medicaid programs, so that standards provided by law and regulations when the program was enacted in 1965 are met.
3. To demonstrate to the Nation's aged and their families that we are not only aware of the problems of the Nation's aged who reside in nursing homes, but are prepared to take positive and constructive action to improve these conditions to be responsive to the needs of older Americans.
4. To centralize within the Department of Health, Education, and Welfare, standards setting functions and enforcement of standards activities. (Presently three separate operating agencies at HEW have responsibilities in this area. The result is that a nursing home is confronted with dealing with separate requirements, separate forms, and different Federal personnel depending upon which HEW program is paying for the nursing home care.
5. Undertake a comprehensive review of Standards for Nursing Home Facilities and Practice, and to recommend appropriate additional remedial measures to assure proper high quality care.

Options

HEW Secretary Richardson has submitted a memorandum to The President which contains five options for Federal action in the nursing home field. Briefly of the problem.

3. Expand Federal training of State inspectors to provide 2,000 trained personnel.
4. Option 3 plus an amendment to the Medicaid program to provide for HEW to pay the States 100% of the cost of nursing home inspection. (Medicare now pays for 100% of the cost; Medicaid anywhere from 50-75% of the cost.)
5. Combines Options 2 and 4 and adds provision for a new HEW nursing home standards enforcement program. This Option would:
 - a) Establish a nursing home standards enforcement program at HEW to pull together various elements in the Department concerned with factors affecting safety and health care of patients. We would request 150 additional positions for this.
 - b) Expand Federal training of State inspectors to provide over an 18 month period 2,000 trained State personnel for surveillance and enforcement purposes.

- c) Request statutory authority for the Federal Government to assume the entire cost of the operations of State inspection teams, rather than the 50-75% as the Medicaid law now provides.
- d) Publicly direct the Secretary of HEW to undertake a comprehensive review of nursing and extended care facilities standards and practices, and to recommend appropriate additional remedial measures to assure proper high quality care.

Discussions

I am convinced that HEW's Option 5 is an appropriate action plan at this point. It clearly demonstrates the President's commitment to move ahead in this area without expanding the Federal role in the nursing home field. What we are saying is that we will provide additional Federal resources to enable the States to markedly improve nursing home standards and enforcement.

The aged and other special interest groups will applaud this action. Good nursing homes will support this Option; marginal ones will worry. This Option will lead to closing some nursing homes, but arrangements can be made so that patients "will not land on the street."

Congress will find it difficult to criticize this approach.

Recommendation

Proceed with HEW's Option 5.

- A. OMB will go along with it in view of the President's Chicago address.
- B. Arthur Flemming is strongly in favor of it.
- C. Len Garment is strongly in favor of it.
- D. Secretary Richardson is strongly in favor of it.

Action Plan

Lee Huebner is drafting a statement covering Option 5 in the event it is approved. The statement will include reference to actions we have taken in the nursing home field over the last two years.

If Option 5 is approved, the following events should happen:

- A. Arthur Flemming should brief special interest groups and Health/Aged press on Friday morning.
- B. HEW should be asked for action plan to implement program. (I am convinced that effective improvements can be made over the next 12 months, but we must be sure that HEW continues to assign this program a high priority.)
- C. HEW should announce in the next few weeks that some nursing homes have been decertified under Medicare and Medicaid.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

JULY 8, 1971

DOES NEW GOLD
meet required standards?

A handwritten signature in black ink, appearing to be 'John D. Ehrlichman', written over the printed name.

John D. Ehrlichman