

Are Provider Responses to Fraud Enforcement Symmetrical? Evidence from US Nursing Homes

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Abstract

In 2016 there are more than 16,000 nursing homes in the United States. Together, they provide LTC services to more than 1.4 million Americans. The Medicaid program pays for the largest share of these services. It is likely that Medicaid policies and program design features influence the quality and type of care that nursing homes provide. LTC Quality is an important ethical concern because nursing home patients are vulnerable to abuse and neglect. In addition, recent policy changes at the Centers for Medicaid and Medicare Services restrict the ability of patients to sue public insurance health care providers for various types of abuse or quality lapses. (Patients are – instead – encouraged to pursue arbitration, rather than litigation.) These changes may limit the capacity of patients to hold providers accountable for poor quality via litigation. In the absence of litigation, the main mechanisms for promoting high quality LTC services involve information disclosure and direct government investigation and enforcement actions. Recent empirical work examines the role of quality reporting. But there is almost no research on the effects of abuse and neglect enforcement effort on the quality of care provided in LTC facilities.

In almost every state, Medicaid Fraud Enforcement Units (MFCUs) are responsible for investigating and prosecuting cases of patient abuse and neglect in the Medicaid program. Many of these cases involve Medicaid LTC patients. In this paper, we study the effect of within state changes in MFCU budget allocations on three types of measures of the quality of care provided in LTC facilities. We employ a difference-in-differences methodology to leverage state variation in Medicaid Fraud enforcement funding over time. The first set of measures are positive metrics of quality that increase the nursing home provider's ranking on both Nursing Home Compare, a government administered site, as well as on social media. The second set of measures are related to deficiencies and patient complaints, which are only systematically represented on Nursing Home Compare. Finally, we consider changes in operational structure by looking at measures of staffing composition.

