



A New Pilot Study Finds Meaningful Savings in THE GREEN HOUSE® Model for Elder Care

Horn and colleagues (2012)¹ examined differences in the Medicare and Medicaid costs in Green House homes compared to traditional nursing homes. Using previously collected data, the information below reflects a preliminary analysis of this issue. Current research being conducted by a collaborative of research partners under Robert Wood Johnson Foundation funding will examine this issue further.

Data Collection and Analysis

We conducted a retrospective observational study based on existing data from 4 Green House organizations that participated in the Robert Wood Johnson Foundation Green House Workflow Study. From these organizations, 13 sites (9 Green House units and 4 Traditional NH units) were included in analyses. At admission, the residents in the Green House homes were comparable to the residents of the traditional nursing homes in the study.² The total sample size was 255 residents: 97 Green House residents and 158 Traditional nursing home residents. Data were collected from June 2004–September 2009. We used Minimum Data Set (MDS) assessments to abstract the number of hospitalizations and define time spent in RUG categories for each resident for up to 12 months of follow-up.

FINDINGS

Medicare Hospital Expenditures

The rate of hospitalization per resident over 12 months was over seven percentage points higher in the traditional nursing home units relative to the Green House Units. As such, annual Medicare hospitalization expenditures per resident were less in the Green House unit relative to the traditional units.

Medicaid Daily Nursing Home Expenditures

Medicaid nursing home costs were calculated using the Resource Utilization Group (RUG) based payment for two representative states: Minnesota and Washington. RUGs is the system most states use to case-mix adjust Medicaid payments to nursing homes. If Green House settings can keep residents in lower acuity payment categories for longer periods of time, they can generate savings for state Medicaid programs relative to traditional nursing home settings. The results suggest that elders residing in Green House settings achieved Medicaid savings by maintaining better functioning (i.e., lower acuity) over the study period.

POTENTIAL COMBINED SAVINGS

The overall difference in total Medicare and Medicaid costs per resident over 12 months (sum of hospitalization and daily care costs (RUG costs)) ranged from approximately \$1,300 to \$2,300 less for residents in Green House vs. traditional nursing homes depending on which RUG rates were used, Washington state or Minnesota. Although this study has limitations (e.g., small sample size, generalizability), the findings are the best available evidence to date addressing Medicare and Medicaid spending differences in the Green House model.

¹ Horn, S.D., Sharkey, S., Grabowski, D.C., Barrett, R. (2012). "Cost of Care in Green House Home Compared to Traditional Nursing Home Residents," Working paper.

² Sharkey SS, Hudak S, Horn SD, James R, Howes J. Front-Line Caregiver Daily Practices: Comparison Study of Traditional Nursing Homes and The Green House® Project Sites. J Amer Geriatrics Society 2011;59(1):126-131.