ABSTRACT: The thesis of this study is that an association between the type of ownership and the use of nursing-care beds by Medicaid patients in a geographic area depends on the relative distribution of Title XIX-certified skilled-care beds and intermediate-care beds between ownerships. Because of economic pressures, skilled-care beds are expected to have a lower ratio of Medicaid patients to total patients than are intermediate-care beds. As a consequence, the type of ownership that has a higher proportion of skilled-care beds is also expected to have a lower rate of use by Medicaid patients. The data were obtained from proprietary and philanthropic long-term-care homes in the Cleveland metropolitan area and report on the use of 7,139 Title XIX-certified beds; they support this thesis. The Medicaid use rate of skilled-care beds was lower than the Medicaid use rate of intermediate-care beds. Because the relative distribution of skilled-care and intermediate-care beds was virtually the same for both types of ownership, there was no significant difference in Medicaid use rates of certified beds between the proprietary and philanthropic types of homes.

An additional finding of the study was the significantly higher Medicaid use of intermediate-care beds in proprietary homes as compared with philanthropic homes. Three plausible explanations for this finding are discussed.

Two recent studies have reported what appear to be contradictory findings regarding an association between the type of ownership and the use of nursing-care beds by public assistance patients. In a study of nursing homes that were selected to represent the greater Detroit area, Gottesman shows that those facilities that are operated for profit are more likely to serve public assistance patients than are the nonprofit facilities. In 22 (73%) of the 30 proprietary nursing homes sampled, more than two thirds of the residents were subsidized by some form of public assistance program, compared with only 3 of 10 (30%) nonprofit, church-related nursing homes sampled. Winn, on the other hand, showed that no significant relationship exists between the type of ownership and the rate of public assistance use. In a matched sample of 24 proprietary and 24 private, nonprofit nursing homes in the State of Washington, the proprietary facilities served an average 67% public assistance patients, compared with 62% for the nonprofit nursing homes. On the basis of this evidence, Winn concluded...
that the nonprofit facilities did not accept fewer public assistance patients than did the profit-making nursing homes.

How may these seemingly contradictory results be explained? The purpose of our study is to test one plausible thesis that may account for the presence or absence of an association between the type of ownership and the use of nursing-care beds by public assistance patients in a given geographic area.

Nursing-care beds may be certified for skilled nursing care, according to Title XVIII (Medicare) or Title XIX (Medicaid) of the Social Security Act, for intermediate nursing care only by Title XIX, or for both levels of care. Federal regulations governing qualification for federal funds specify that a higher level of nursing and rehabilitative care must be provided for patients in skilled-care beds than for those in intermediate-care beds. Research has shown that the level of nursing care and the operating cost of nursing homes are correlated positively. Further, it is generally recognized that the public assistance programs reimburse many nursing homes at daily rates that are usually lower than the charges made for private patients. Accordingly, one would expect a lower ratio of public assistance patients to total patients in the skilled-care beds than in the intermediate-care beds; this would be true presumably for both the proprietary and philanthropic ownerships.

Given this premise, we predicted that the difference in public assistance use between the two types of ownership in a geographic area would depend on the relative distribution of the skilled-care and intermediate-care beds. Where proprietary and philanthropic ownerships have approximately the same proportion of skilled-care and intermediate-care beds, no significant difference in public assistance use would be expected. The economic pressure to restrict public assistance admissions is presumed to be equal for both types of ownership. However, where the distribution of skilled-care and intermediate-care beds is decidedly unequal, the type of ownership that has relatively more skilled-care beds would be expected to have a significantly lower ratio of public assistance patients.

**METHODS**

Our data were obtained from the administrators of the long-term-care facilities in the Cleveland metropolitan area. In the summer of 1973, a questionnaire was mailed to all nursing homes, rest homes, and homes for the aged that were licensed by the Ohio Department of Health; we sought information on the use of beds during the entire month of May 1973. With augmentation by personal and telephone interviews, usable responses from 125 out of 127 homes were received. As will be clarified immediately below, data corresponding only to the use of 7,139 Title XIX-certified beds in 90 facilities will be presented in this paper. Further information about the questionnaire, our study methods, and the use of all beds in the surveyed facilities may be found in another report.