Ownership Conversion by Nursing Homes and the Quality of Care†

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Abstract: Nearly five percent of nursing homes converted from not-for-profit (NFP) to for-profit (FP) or FP to NFP between 1999 and 2004 because of changes to Medicare reimbursement. This paper examines the choice to convert and its effect on quality. Conversions were found to be associated with changes in quality after adjusting for the endogeniety of conversion. NFP to FP conversions were associated with a decrease in the use of physical restraints while the proportion of residents with pressure ulcers in facilities that converted from FP to NFP increased. Further, quality had significantly declined since the implementation of the reimbursement change.

† Acknowledgements: I thank Andrew Abere, David Grabowski, Roger Klein, Carolyn Moehling, and Martin Perry for helpful comments in all stages of the research.

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