

The shrinking capacity of nursing care in rural Minnesota

Demand is increasing while supply is decreasing

The statistics are clear: the number of beds in rural licensed nursing facilities (commonly referred to as nursing homes) has declined between 30% and 100%, depending on the region, since 2005. Many of these losses are due to facilities closing and not just operators shrinking the number of beds available. And all of this is happening while demand for these beds is expected to keep increasing through 2045.

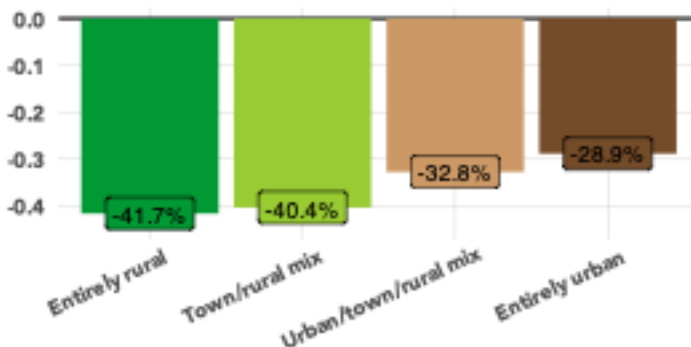
Demand for beds will peak at different times

To estimate peak demand, we used the percentage of the U.S. population age 65+ being cared for in nursing facilities from the 2023 Profile of Older Americans.

Demand looks very different when the data are broken down across rural-urban categories based on population density. Table 1 shows that entirely rural counties will be experiencing peak demand between 2035 and 2040, significantly sooner than other the county groups.

County Group (RUCA)	Year of estimated peak demand
Entirely rural	2035 – 2040
Town/rural mix	2045 – 2050
Urban/town/rural mix	2045 – 2050
Entirely urban	2050+

Percent change in the number of nursing facility beds since 2005



Care Providers of Minnesota; MN Department of Health, Nursing Home Licensing

Loss of nursing facility beds has been more severe in rural Minnesota

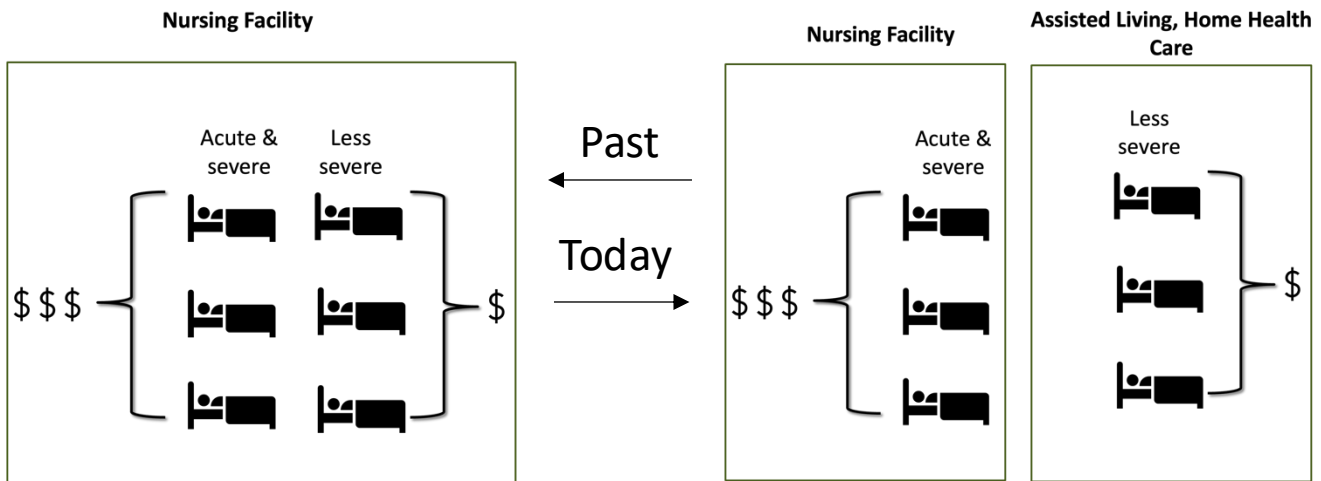
As of February 2024, Minnesota had 33% fewer nursing facility beds compared to 2005. This decline isn't consistent across the state, however. The most severe drops have occurred in rural Minnesota, where entirely rural counties have 41% fewer nursing facility beds compared to 2005, followed by 40% in town/rural mix counties, 33% in urban/town/rural mix counties, and 29% in entirely urban counties.

Why are there declines?

If demand is increasing, why then are facilities closing and/or shrinking their capacity?

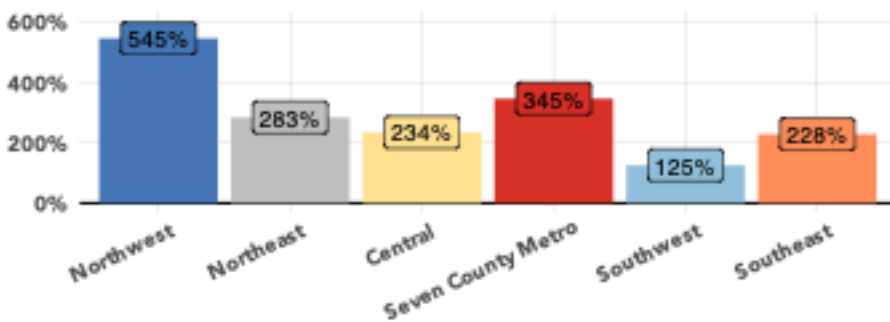
The decline in nursing care capacity, both in terms of beds and facilities, has been driven largely by two factors, each with their own timeline in terms of impact:

- 1. Long-term factor:** a shift in consumer preference away from nursing facilities as technological, financial, and policy advances have allowed home-based care and assisted living to take bigger pieces of the elder care pie. This has left nursing facilities to take care of the most severe and costliest cases with not enough reimbursement to make up the costs of care.



Change in job vacancies for nursing occupations since 2005

Thousands of people are needed to fill critical jobs in elderly care



MN DEED - Job Vacancy Survey

- 2. Short-term factor:** Severe workforce shortages in the industry have left many facilities with serious worker shortages, impacting their ability to take on more residents. Throughout the state there were between 100% and 550% more vacancies for nursing facility-related occupations in 2022 compared to 2005.