

Protecting Seniors, Respecting Taxpayers – The Right Agenda for Texas



As our state and nation face growing challenges on many fronts, the time has never been better to improve the way we fund and provide for seniors’ care in Texas – and to invest in a modern, efficient long term care system that addresses today’s needs and tomorrow’s growing challenges.

For the 2009 legislative session, it is more important than ever for the long term care profession and Austin policymakers to work together to finally begin evaluating spending on Medicaid-financed nursing home care not just in the context of a two-year legislative cycle — and in total isolation from other providers and funding sources — but in terms of how we can work together to improve care quality across the entire continuum, in a way that protects seniors and respects taxpayers.

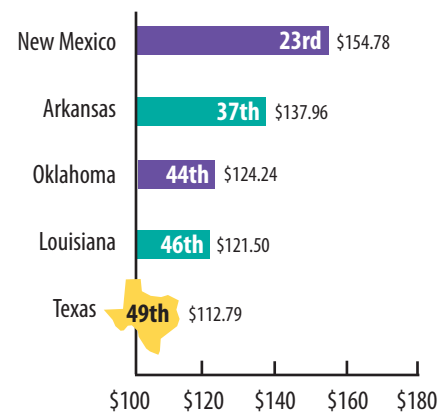
This can only be achieved by meeting the Health and Human Services Commission (HHSC) Consolidated Budget targets stating \$368 million in new General Revenue spending is needed in the 2010-2011 biennium to address the operating and staffing needs of Texas nursing homes — which serve 60,000 Medicaid nursing home residents twenty-four hours a day, 7 days a week, 365 days a year.

This is NOT a Cadillac solution – it is a baseline necessity to increasing the number and skill level of direct care staff in nursing facilities across Texas. **Making the appropriate investment in Medicaid can help reduce the number and frequency of hospital admissions by improving**

resident health, and increasing the capability of skilled nursing facilities themselves to successfully treat more complex medical conditions and incidents — at lower cost to taxpayers.

Since 1999, the Texas legislature has failed to appropriately fund the rising costs related to caring for Medicaid nursing home residents – Texas’ most vulnerable seniors who are typically in their 80’s and have severe chronic care issues. Rate increases since January 2006 have provided very marginal improvement to the dire financial conditions that confronted nursing home services providers at that time, **but the state still fails to fund care at the level it actually says is needed to provide quality care. Texas ranks 49th nationally in Medicaid funding — and even on a regional basis trails the neighboring states of New Mexico, Oklahoma, Arkansas and Louisiana.**

TEXAS: 49TH LOWEST DAILY MEDICAID PAYMENT RATE IN NATION



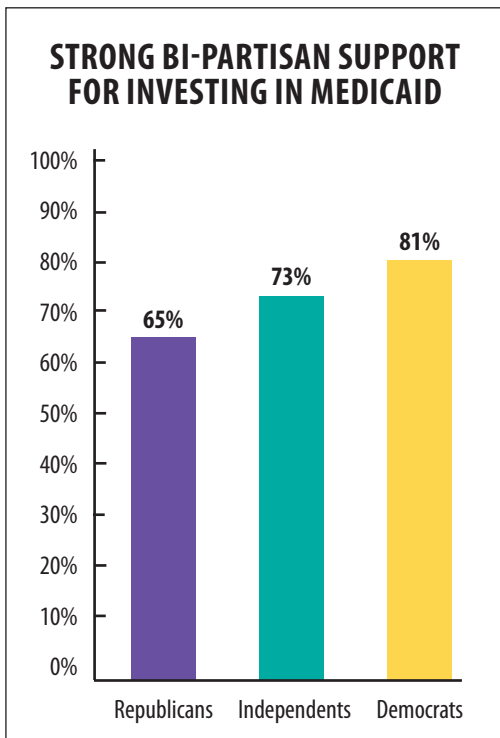
(Source: BDO Seidman/mult.)



Protecting Seniors, Respecting Taxpayers *(continued)*

Currently, 68% of nursing home providers lose money taking care of Medicaid nursing home residents. For those nearly 700 nursing homes in Texas that lose money on Medicaid residents, the average loss per day of care is \$23 — or a negative margin of about 20%. HHSC-audited cost reports corroborate these facts. Consequently, 60 Texas nursing homes have closed their doors since January 2006. Providers simply cannot survive in this environment, and our oldest seniors do not deserve to have their growing care needs short-changed. It is therefore imperative that early in the budget deliberations of the 81st Legislature, \$368 million in new General Revenue spending be committed and invested in Medicaid nursing home care in accordance with HHSC estimates.

Boosting investment in Medicaid is not a partisan issue: According to a 2008 poll



conducted by Baseline & Associates, 74% of Texas voters favor increasing Medicaid funding to meet the cost of Medicaid nursing home care as determined by the state including 65% of Republicans, 73% of Independents, and 81% of Democrats.

Even if all these funds are appropriated by the legislature for 2010-11, about 50% of Texas nursing homes will still lose money providing Medicaid services. A destabilized LTC sector which is often the largest local employer in many areas of Texas, means care access problems for seniors, loss of jobs for key staff responsible for hands-on care, and a weaker local economic environment.

Looking beyond just the next two year funding cycle, appropriate ongoing investment in Texas long term care services can help ease the rate of cost increases in other Medicaid health care components — such as hospital utilization and emergency room visits. Many of these hospitalizations, together with their higher associated costs to taxpayers, are avoidable. Moreover, in a majority of cases, the problem is a lack of resources and staff in nursing facilities caused by the chronic underinvestment in Texas’ Medicaid-financed nursing home infrastructure.

Let us work together in 2009 to ensure every senior is protected, and every taxpayer respected in terms of formulating and enacting eldercare policy every Texas citizen can and should be proud of.

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