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## Nursing homes hope for boost in funding

[Janet Elliott and Gary Scharrer](#)- Houston Chronicle

AUSTIN — Cornelia Klyn, four years shy of 100, was expected to live just a year when she moved into a San Antonio-area nursing home a decade ago.

But she kept on going, and now her money is long gone. Her costs, along with those of most nursing home residents, are paid by Medicaid.

But Texas rates — \$113 a day — have not kept up with rising costs and now are second lowest in the nation.

Nursing home owners say they cannot survive, and 60 have closed their doors in the past three years.

State health and human services officials agree that the industry is hurting and have recommended that state budget writers increase nursing home spending by at least \$368 million over the next two years to ensure they can take care of the state's aging population, which is living longer every year.

“The nursing home rate that we have in Texas does not, and has not for a long time, fully cover the costs that the nursing homes incur to provide the care,” said Stephanie Goodman, a spokeswoman for the Health and Human Services Commission.

Klyn's daughter Jane Bruce, of San Antonio, said that because her mother receives excellent care at Autumn Winds in Schertz, she supports increased funding that could help home owners Darlene and Ronnie Evans pay workers more and keep the facility up to date.

“They do everything in their power to keep her healthy,” Bruce said.

Houston nursing home owner Greg Lentz says that when facilities can keep seniors healthier and out of the hospital, the taxpayers save money.

“We're not just old-age rest homes,” said Lentz, whose HealthMark Group Ltd. runs eight area 125-bed facilities that use the name Park Manor. “I discharge home over 50 percent of my admissions.”

The additional funding, which would bring in \$500 million in extra federal money, would allow homes to boost staff salaries, upgrade equipment and buildings, and have registered nurses on staff around the clock — a critical component in preventing and reducing hospital stays.

The target is 60,000 nursing home residents whose costs are paid for through Medicaid, a state and federal program that pays health care costs of elderly residents who lack their own financial resources.

The funding being sought would amount to an increase of about \$20 a day for each Medicaid recipient. Lentz said that if he could hire extra skilled nurses, he could shorten costly hospital stays for his Medicaid residents as well as admit more residents who need temporary nursing care as they recover from a hospitalization.

“We could take that burden off hospitals,” he said.

State Sen. Robert Deuell, a physician and a member of the budget-writing Senate Finance Committee, said nursing homes can play a crucial role in preventive care.

“It's been shown that if you intensify the nursing home care, you keep people out of the ER,” said Deuell, R-Greenville.

While nursing home owners are likely to see some increase in the Medicaid rate, the prospects for a major increase are “not very good,” Deuell said, because of a tight state budget.

In past legislative sessions, the industry has pushed for a “quality assurance fee,” a method used by many states to bolster their Medicaid financing.

Such a fee would tax health care providers' revenues so the state can draw more federal matching funds. Thirty-three states have quality assurance fees on nursing homes.

The vast majority of Texas nursing homes would have received more in funding reimbursements than they paid in fees proposed last session and in 2005. But fear that the fee would be passed on to private-pay nursing home residents prompted Gov. Rick Perry to oppose what he called a “granny tax.”

Tim Graves, president of the Texas Health Care Association, an industry trade group, said nursing home providers are not going to be distracted again into pushing for a bed tax.

“Tactically, we've learned it's just not going to happen in Texas,” he said. “We're pushing as hard as we can for significant general revenue.”

AARP's Texas chapter supports rate increases for nursing homes, although advocacy manager Amanda Fredriksen is concerned about the industry's excess capacity. The occupancy rate was 73 percent as of November.

All 96 beds are filled at Autumn Winds in Schertz. About 55 percent of the residents are financially able to pay their own bills — a higher proportion of private-pay residents than most nursing homes — and are charged slightly higher rates than the residents on Medicaid.

But owners Darlene and Ronnie Evans said they can't significantly increase rates for their private-pay residents because many have relied on investment accounts that have shrunk in the collapsing stock market.

Food costs continue to increase, and health insurance costs to cover Autumn Woods' 95 employees have gone up \$72,000 this year.

The only way the Evanses are able to break even is by keeping their costs as low as possible and their beds full. If occupancy dropped to 80 percent, they would lose about \$21 per Medicaid resident per day.

“This makes it very difficult to keep up with other health care providers regarding salaries and benefits, as well as capital expenditures to keep the facility up to modern-day standards and provide new equipment,” Darlene Evans said.

Bruce is concerned about the Medicaid rate issue because Klyn, her 96-year-old mother at Autumn Winds, is now on Medicaid after depleting personal finances.

Her mom was expected to live less than a year when she entered Autumn Winds in 1999. Her money ran out after four years. Bruce said she and a sibling both live on fixed incomes and could not afford to take over payments for their mother's nursing home care.

“Because of the care my mother needs, there's no way we could take her into our home,” she said.

Nursing home operators “should be reimbursed for the care that they give,” Bruce said. “That's probably a very touchy subject because it's the taxpayers' money. But if I knew that's where my money is going, I would not be unhappy about it.”

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