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Texas nursing homes in a tight fix on Medicaid

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Lou O'Reilly thinks Texas is a hard place to grow old.

"If, as they say, a society is judged by how it treats its most vulnerable citizens, Texas comes up short," said the co-founder of Texas Advocates for Nursing Home Residents. "It's shameful how little this state does." Life is hardest for Texans who must rely on the state for their nursing care, she says.

Texas' Medicaid program reimburses nursing homes an average of \$112.79 per patient per day – less than 48 other states and just 72 cents more per resident than last-place Illinois.

Patient advocates and industry experts say Texas' 49th-place ranking means that nursing homes often can't pay employees competitive wages. That in turn leads to high staff turnover, which can hurt residents' care.

It's no coincidence, they point out, that 28 percent of Texas' 1,100 nursing homes received the worst rating and only 10 percent scored the best when Medicare announced its new nursing home ratings late last year.

"Texas is cheap when it comes to Medicaid," said Amanda Fredriksen, manager of advocacy for AARP in Texas. "The vulnerable – of all ages – are paying the price because the state hasn't put up the money."

Senior organizations, advocacy groups and industry associations are mounting campaigns to persuade Texas lawmakers to raise Medicaid reimbursements this year.

The money, they say, should pay for more caregivers, higher wages and better training.

The reimbursements now don't even cover nursing homes' actual costs and would need to increase to at least \$125 a day for facilities to break even, said Tim Graves, president of the Texas Health Care Association, an industry group.

Despite the growing trend to care for older adults in their own homes, skilled nursing facilities remain the most practical option for seniors who become so frail that they require round-the-clock care.

Skilled nursing care costs tens of thousands of dollars a year, so many nursing home residents eventually exhaust their personal assets and qualify for Medicaid, the federal-state health care program for the poor.

About two-thirds of Texas' 90,000 nursing home residents are on Medicaid.

"This is the part of the state Medicaid program that reaches well into the middle class," said Anne Dunkelberg, associate director of the Center for Public Policy Priorities, a think tank in Austin. "It touches a lot of lives."

Nursing homes struggle to make up the difference between what they get from Medicaid and what they spend on patients, said George Linial, president and chief executive of the Texas Association of Homes and Services for the Aging.

Sixty Texas nursing homes have closed since 2006.

'Right mix'

"Homes are shifting costs to private-pay patients to balance their books," said Molly Shomer, a geriatric care manager in Dallas. "Seniors who are in nursing homes on their own dollar are subsidizing those on Medicaid."

Maintaining the "right mix of patients" is the key to a for-profit nursing home avoiding red ink and staying in business, said Dawn Kuser, administrator of the Mesquite Tree Nursing Center in Mesquite.

About 20 percent of her patients are there for short-term rehabilitation, which Medicare covers at an average of \$250 per day. Ten percent pay out of pocket or through long-term care insurance. Their average rate is \$125 a day, excluding medications.

The other 70 percent of her patients are on Medicaid.

Nursing homes have tried to hold the line on their labor costs, but that leads to high staff turnover. It's difficult to compete with hospitals, which pay better, so nursing homes routinely lose registered nurses, licensed vocational nurses and nurses' aides, according to the Texas Center for Nursing Workforce Studies.

"The average annual turnover rate is 87 percent for certified nurses' aides," said Pearl Merritt, who leads a center task force on long-term care. "It's a challenge to maintain high-quality care in a revolving-door environment."

Working at a nursing home has become far more demanding as the typical patient has become sicker, said Gary Anderson, a partner in the Plano-based Preferred Care Partners Management Group, which manages nursing homes.

McDonald's pay

"In some markets, nurses' aides can work at a McDonald's for more than we can pay them," he said. "Some consider their nursing jobs a calling, but others burn out after a couple of years and look for another kind of work."

Nonprofit nursing homes trying to offset their losses from Medicaid have one option that for-profit facilities don't.

At Juliette Fowler Homes in Dallas, president Kay Ellis says she's able to tap her institution's endowment and charitable contributions to make up at least part of the average \$50 per patient shortfall in Medicaid's reimbursements.

"If Medicaid's reimbursement rates were higher, we could afford to serve more Medicaid patients," she said. The current wait for a Medicaid bed at Juliette Fowler's nursing home is six to 12 months.

Though lawmakers have raised reimbursement rates slightly in recent years, Texas remains 30 percent below the national average of \$163.27 per day.

State Sen. Bob Deuell, R-Greenville, vice chairman of the Senate Health and Human Services Committee, says increasing Texas' reimbursements for nursing home care could save money for the state over the long term.

"If we can provide better care in nursing homes, we won't have to spend as much on hospitalizations," he said. "Our rates are too low. I don't know how much we can raise them, but we'll work on them."

Advocates say the federal economic stimulus package could free up state money for nursing homes.

O'Reilly, who's been an advocate for Texas nursing home residents for 20 years, says nursing home employees are underpaid, overworked and, in many cases, inadequately trained.

"They can't provide good care under those circumstances, and the residents suffer as a result," she said. "Why, in a state as proud as ours, do we permit that to go on year after year?"