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## Texas considers steep cuts in Medicaid payments

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The Texas Legislature is mulling steep cuts to Medicaid payments to providers beginning in 2012, according to *Healthcare Finance News*. The proposed cuts include a 10 percent reduction in payments to hospitals and a 33 percent cut in payments to long-term care facilities.

The Legislature is under considerable pressure to make drastic changes to the Medicaid program. At its current growth rate, Medicaid spending would take up half of all state funds by 2040, according to a report issued by the Texas Public Policy Foundation.

However, some hospital operators contend such cuts would inflict serious damage on healthcare delivery. "Medicaid cuts are not a cost-effective way to save money. For each dollar of Medicaid cut in the state budget, Medicaid loses \$1.50 in federal matching funds," said Rick Black, spokesman for Dallas-based Tenet Healthcare, reports the *Dallas Morning News*. Black noted the state's hospitals already treat the largest percentage of uninsured patients in the nation, and receive the lowest level of Medicaid reimbursements to do so.

The Texas Health Care Association, which represents nursing homes, also expressed fear that such cuts would devastate their sector.

"If this proposal proceeds, Medicaid nursing home care in Texas will cease to exist," said association president Tim Graves.

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