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Nursing homes, advocates warn of mass closures

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In the tiny town of Schertz, Darlene Evans is worriedly watching Medicaid cuts being considered by the Legislature.

It's not the impact that budget proposals would have on her own salary that concerns her most. Or even the 95 employees at her Autumn Winds Retirement Lodge that could be left unemployed. Rather, she's most scared for the 92 elderly residents that she says would be left homeless if current budget proposals to cut funding for Medicaid are signed into law.

"We've had our ups and downs in terms of funding," Evans said of the 15 years she and her husband have owned the nursing home, about 60 miles south of the Capitol. "This by far is the most scary for me in all the years I've been in this profession.

"I feel like I'm in a fight of my life, not only for our residents but for my staff as well."

Autumn Winds is one of hundreds of nursing homes in Texas that largely depend on Medicaid for funding. As the Legislature grapples with a revenue shortfall of at least \$15 billion _ \$27 billion by some estimates _ one of the most agonizing cuts being proposed is slashed reimbursement rates for nursing homes, hospitals and physicians that offer Medicaid. Advocates say about 550 nursing homes in Texas, serving about 45,000 patients, depend on Medicaid.

"We are not crying wolf. Pieces of the sky are falling," said Tim Graves, president and CEO of the Texas Health Care Association. "There's no way the major nursing home stream in Texas can be cut by a third and not cause significant bankruptcies, closures, widespread displacement of patients and frontline health care workers will just be going to unemployment lines in local communities.

"The real concern for us is where do the patients go? Where do the residents go? These are the most frail, fragile Texans that the health care system takes care of. That's our main concern. How is this going to work out?"

Early budget proposals have cut Medicaid reimbursement rates by 10 percent, in addition to a three percent rate reduction that state leaders requested in the current budget.

But Graves and other advocates say the true cut is closer to 33 percent because of changes in the federal-state share formula that resulted from the economic stimulus package. The state's funding share has increased, but budget proposals are not paying for that increase.

For Evans, each percent is the equivalent of about \$25,000.

"Do the math of a 33 percent cut. That's absolutely devastating," she said. "It's impossible to continue the operation of the business with that size of cut."

House and Senate budget leaders have released their proposals for the 2012-13 state budgets, but the budget still has far to go before being finalized next summer.

A spokeswoman for House Speaker Joe Straus did not immediately respond to requests for comment Thursday. House budget writer Rep. Jim Pitts, R-Waxahachie, has said finding ways to save in an already lean budget is a difficult but necessary process.

"I am committed to thoroughly examining . . . issues to determine whether the priorities provided for in this initial budget proposal are appropriate, and ensuring that we protect essential services while staying true to our core missions," Pitts said last week shortly after introducing the budget proposal. "Through the process, we will make adjustments as determined necessary by this body."

The nursing homes in Texas that depend on Medicaid as a major funding stream employ about 62,000 people.

House and Senate budget leaders have released their proposals for the 2012-13 state budgets, but the document still has far to go before being finalized next summer.

"We don't want to give them the best care money can buy, we want to give them better and we ... don't know how we're going to get a good answer for that," Evans said. "This is not our state's finest hour, when the care for our elderly is jeopardized."

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