

THE TEXAS TRIBUNE

Day 31: Texas Nursing Homes Brace for Higher Costs, Sicker Patients

by [Thanh Tan](#) | 8/31/2011 | [3 Comments](#)

KEYWORDS: [2011 Budget Shortfall](#), [82nd Legislative Session](#), [Budget](#), [Budget Cuts](#), [Budget Shortfall](#), [nursing homes](#)



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photo by: Todd Wiseman

More than half of the patients at Cedar View Rehabilitation and Healthcare Center rely on Medicaid.

31 DAYS, 31 WAYS

Throughout the month of August, The Texas Tribune is featuring 31 ways Texans' lives will change come Sept. 1, the date most bills passed by the Legislature — including the dramatically reduced budget — take effect. Check out our [story calendar here](#).

Day 31: Nursing homes were spared the draconian cuts proposed by lawmakers at the beginning of the 2011 session. Still, despite growing caseloads and rising medical costs, they move forward with less state and federal support.

At the height of budget negotiations during the 2011 legislative session, nursing facility providers throughout Texas fretted over the possibility of a 33 percent reduction in Medicaid reimbursement rates for their services. Such draconian cuts, they estimated, could have led to the closure of half the state's nursing facilities, the layoffs of 60,000 workers and the relocation of nearly 46,000 residents.

In the end, no one in the Legislature wanted to take responsibility for leaving some of Texas' frailest and most elderly without care. The "budget armageddon" was avoided. But nursing home providers say they're still gearing up for more acute patients, rising medical costs, and pending cuts at the federal level.

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While lawmakers didn't enact new reductions in reimbursement rates this legislative session, they made permanent a 3 percent cut ordered during the 2011 fiscal year. According to the [Texas Department of Aging and Disability Services](#) (DADS), that \$57 million cut applied to all their services and occurred in two phases: a 1 percent rate reduction last September, followed by a 2 percent reduction in February. The nursing home portion of that reduction was \$20.4 million in general revenue.

Relieved as providers are to have avoided greater cuts, they remain gravely concerned about the growing cost of medical services and rising caseloads. DADS spokeswoman Allison Lowery said that's why the agency requested an additional \$96.2 million during the legislative session, roughly half of which was intended for nursing home cost increases. State lawmakers denied the request.

Meanwhile, the [Texas Health Care Association](#) anticipates nursing facilities in Texas will be hit on Oct. 1, 2012, with another 10.4 percent, or \$233.8 million, reduction in funding from the federal government. And THCA advocates say the industry is bracing for the possibility of an additional 2 percent reduction in Medicare dollars in November if Congress' so-called deficit reduction "super committee" cuts the program or is unable to reach an agreement.

THCA reports that the state already ranks 49th in the nation when it comes to Medicaid reimbursement rates to nursing facilities. Seventy percent of Texas nursing home residents are enrolled in the state insurance program for the very poor and profoundly disabled. As of last December, THCA told the Tribune that the average national reimbursement rate was \$173 per resident per day. In Texas, the rate is \$126.

Providers say they cannot absorb additional cuts without real consequences to patient care. Watch our interview with Leslie Stratton, the administrator at [Cedar View Rehabilitation and Healthcare Center](#) in North Austin. She talked to the Tribune about how her facility is trying to work with limited funds, and the challenge they face of trying to maintain federal reimbursement levels while patients require more medical attention than ever before. "I'm scared. I really am scared. We are resilient, but I don't think we can take anymore," she said.

Watch our interview with THCA President and CEO Tim Graves. He discusses how the state and federal cuts are already affecting nearly 1,100 nursing homes statewide, from wage freezes and layoffs to stalled facility upgrades. Overall, he says, nursing facilities have been chronically underfunded since 1999. Graves also touches on some ideas that industry advocates are trying to push lawmakers to consider to increase efficiencies and save taxpayer money. "The main focus is to not impact patient care," he said.

Web resources:

Texas Department of Aging and Disability Services [help page](#)

Texas Health Care Association [consumer page](#) with information on how to find a short-term or long-term facility

***As part of The Texas Tribune's ongoing effort to explain the fallout from the 2011 regular and special sessions, we encourage you to engage with us and be part of our coverage. Respond to our stories below. Post a comment on our [Facebook](#) page. Send photos to our [Tumblr](#) site. We may come to you in the future to help us tell the story of how Texas is changing.*

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