

THE TEXAS TRIBUNE

A Medicaid Mess

by Alexa Garcia-Ditta
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Baptist Memorial Retirement Community

can't afford more financial strain. The only nonprofit senior care facility in San Angelo — already struggling to retain a quality nursing staff — faces major Medicare provider cuts in the health care reform bill on life support in Washington. But last month, Baptist Memorial and other senior and long-term care facilities learned they may be hit at home too: Medicaid provider rate cuts under consideration by the state's Health and Human Services Commission.



“We can’t afford to serve as many people as we have historically,” says Baptist Memorial Executive Director Patrick Crump, whose facility — home to 200 residents at any given time — will lose 40 Medicaid beds over the next four months. “We can’t afford to take another cut from where we are right now and continue to provide to the same number of people at the same level.”

In early February, the Texas Health and Human Services Commission released proposed cuts to comply with a request by state leaders that each state agency reduce its budget by 5 percent. On that list is a 1-percent provider rate cut for Medicaid programs like nursing care and a 2-percent provider rate cut for Medicaid long-term care, residential and acute care for adults, and hospice. Currently, HHSC's Medicaid reimbursement rate for senior care is set at \$120 per patient per day, which is \$9 short of the commission's own estimated needs.

Medicaid providers are unhappy that state officials are considering cutting already underfunded programs, and industry experts fear provider cuts

will hinder their efforts to recruit and maintain a professional staff — and will ultimately weaken the quality of care. Currently, more than 10,000 skilled nurses working for 1,100 providers in Texas serve Medicaid patients, a number experts say will likely drop. “When you make these kinds of cuts, you will essentially force providers to reduce their staff levels, and that’s where the heart of good care comes from,” says David Thomason, senior vice president of public policy for the [Texas Association of Homes and Services for the Aging](#).

Marsha Cayton, administrator of campus services for [Seven Acres Jewish Senior Care](#) in Houston, says her faith-based organization would lose more than \$200,000 annually from the state's provider rate reductions. About 240 of Seven Acres' 300 residents are on Medicaid, and the organization spends \$190 per day on each senior, a rate that Cayton believes is necessary to provide sufficient care. Anything less, she believes, could jeopardize the quality. “We work hard at fundraising,” Cayton says. “Whenever you’re continuously hit by non-support of funding, you are up against a wall. It’s a huge balancing act.”

Seven Acres, which has an annual budget of \$20 million, may consider cutting the number of licensed Medicaid beds, decreasing staff and reducing food quality and groundskeeping costs, among other options. “You have to turn on the lights; you have to turn on the heat,” Cayton says. “You have to look at what you can cut, and it’s not just one thing.”

The fight for Medicaid funding is nothing new. When they learned of the possible state cuts, Texas home health agencies and senior care facilities were already scrambling to adjust to a \$725 million federal cut in Medicare funding announced in October. The state’s additional cuts — which could total up to \$40 million a year — would put further strain on the industry’s already tight funding, especially as Medicaid enrollment numbers continue to climb in Texas. They've grown by 7.9 percent annually since 2000, according to a [Texas Medical Association](#) study.

Elderly residents "have spent their lives paying taxes to support this system of care, and it simply is not fair that the state would turn its back on them now, when they need it the most," Tim Graves, the [Texas Health](#)

Care Association president, said at a Feb. 11 HHSC public hearing on the budget cut options.

Texas advocates say Medicaid programs for long-term and senior care in Texas have been underfunded since 1999. They were \$271 million dollars short in 2009 — about \$13 less per patient per day than the state originally needed, according to the American Health Care Association. In 2010, advocates predict, Texas will see an approximate \$200 million shortfall in Medicaid reimbursements before factoring in state budget cuts.

An American Health Care Association analysis ranked Texas fourth in the nation for overall Medicaid under-funding in 2009, after New York, Illinois and Ohio. “Things are already very difficult in terms of providing the kind of care that everybody wants to be provided,” Graves says.

In a letter to the governor's office and the Legislative Budget Board last month, HHSC Executive Commissioner Thomas Suehs called the proposed Medicaid provider rate reductions a "difficult decision" but indicated they wouldn't add dramatically to the already projected shortfall.

Half of Baptist Memorial's patients are on Medicaid, and Crump predicts that the facility could face an additional \$75,000 to \$100,000 in annual losses if the state passes the budget cuts. Though he's not certain how the board of directors will adjust to the proposed cuts, he has a few predictions. “We're either going to have to serve fewer Medicaid [patients] or water our services down,” Crump says, adding that trimming staff and employee benefits are also options. “Otherwise we're going to have to keep increasing our private pay rates.”