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**Increased Investment in Medicaid Needed to Protect Houston Area's  
Most Vulnerable Seniors, Disabled**

*Texas Health Care Association Tells House Human Services Panel  
That Nursing Home Staffing and Quality Programs Are at Risk*

**Clearlake, TX (March 13, 2008)** – In testimony before a field hearing of the House Human Services Committee today, the President of the Texas Health Care Association (THCA) said that in order to protect the Houston area's most vulnerable frail, elderly and disabled seniors, it will be essential in the year ahead to initiate a much-needed discussion about how to strengthen the Texas Medicaid program's reimbursement rate, which have dangerously slipped to 49<sup>th</sup> in the entire nation.

"Now more than ever, Mr. Chairman, we need to initiate a discussion about how to strengthen our Medicaid program – especially in Texas, where our Medicaid reimbursement rates have slipped to 49<sup>th</sup> in the entire nation, and which simply does not reflect the challenges faced daily by our state's most vulnerable seniors and the providers who care for them," testified Tim Graves, President of the THCA in Austin. "With Medicaid financing a joint state-federal responsibility, we will be strongly urging our Austin and Washington-based lawmakers to take a hard look at the fact that while the average national daily Medicaid rate per patient is \$153.83, the Texas rate is just \$106.59, according to independent data from the national accounting firm BDO Seidman, and other sources."

Graves said that even on a regional basis, Texas has fallen behind: New Mexico ranks 30<sup>th</sup> nationally, at \$137.24; Oklahoma ranks 44<sup>th</sup>, at \$116.84; Arkansas ranks 47<sup>th</sup>, at \$111.76; and Louisiana ranks 45<sup>th</sup>, at \$115.00. Besides the fact the Texas Medicaid rate requires modification to reflect the realities of the health care marketplace, he said, we must also assess how the pending demographic tidal wave of retirees, a great many of whom will ultimately require long term care and services, will place further stress on an already over-burdened Medicaid financing structure. "No serious health care policy expert believes Medicaid can be sustained in its current form, and with the current financing structure," Graves warned.

Compounding Texas' Medicaid funding crisis are proposed federal cuts to Medicare and Medicaid contained in the Bush Administration's FY 2009 budget. "On top of Texas' already over-burdened state Medicaid program – federal Medicare cuts will create an even more problematic scenario for your most vulnerable elderly and disabled constituents," Graves told the lawmakers. "With upwards of 60 percent of nursing home operating expenses in Texas long term care facilities driven by labor costs, additional financial pressures placed on them by federal funding cuts will undermine patients' care, and further destabilize our direct care workforce."

To help protect and preserve access to high quality long term care throughout Texas, particularly in our rural areas where facilities are often the largest local employer, Graves said

THCA is pleased that three members of the U.S. House delegation – Lloyd Doggett, E.B. Johnson and Solomon Ortiz – have signed a new congressional letter to House Budget Chairman John Spratt (D-SC) and Ranking Member Paul Ryan (R-WI) asking them to help stop the Medicare and Medicaid funding cuts proposed in the Bush Administration’s budget blueprint.

THCA is urging more members of the Texas U.S. House delegation to sign this letter, which helps focus attention on the increasing interdependence between Medicaid and Medicare. States the letter:

*“Approximately 80% of nursing home patients rely on either Medicare or Medicaid to pay for their long term care. Given that the fastest growing segment of our population are those 85 and older, our nation’s need for long term care is likely to increase significantly. Providing adequate reimbursement for long term care under both Medicare and Medicaid will ensure that this growing population will continue to have access to long term care.*

*“Despite the growing demand for long term care, the existing financing mechanisms for Medicare and Medicaid are intertwined and increasingly dysfunctional. Medicare and Medicaid funding comprise the vast majority of all skilled nursing facility (SNF) payments. The Administration’s proposed reductions to Medicare payments to SNFs are especially egregious when the drastic underfunding of Medicaid-financed SNF care is considered. For 2007, SNFs received \$4.4 billion less than needed to cover the costs of providing care to Medicaid patients according to BDO Seidman. The Administration’s FY 09 budget, however, ignores this perilous situation and calls for nearly \$24 billion in cuts to Medicare SNF funding over five years.*

*“Recently, the long term care sector has experienced relative economic stability, allowing SNFs to enhance the quality of care and better meet the needs of its patients. These patients are experiencing more medically complex conditions than ever before and these unjustifiable cuts would therefore jeopardize this already underfunded system and further destabilize our nation’s long term care infrastructure.”*

Stated Graves: “Mr. Chairman, I cannot emphasize more strongly that care quality in our nursing homes – and continued progress in quality improvement – is directly tied to funding stability in Washington and in Austin. I am proud to say that here in Texas, we are indeed making strides on the quality front, but those results are in jeopardy due the financial environment in which we operate.”

The THCA President said his organization will continue to enthusiastically partner in government and profession-wide quality improvement programs, and concluded by stating, “Government has every right to insist upon quality care, but so too does government have an obligation to finance that care – particularly in terms of paying the actual cost of providing that care. We do not believe that is an unreasonable expectation.”

*For complete text of Graves’ testimony before the House Human Services Committee, go to [www.txhca.org](http://www.txhca.org).*

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*Founded in 1950, the Texas Health Care Association (THCA) is the largest long term care association in Texas. THCA represents a broad spectrum of long term care providers and professionals offering long term, rehabilitative and specialized health care services. Member facilities, owned by both for-profit and non-profit entities, include nursing facilities, specialized rehabilitation facilities, and assisted living facilities.*