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New Analysis of Bush FY 2009 Budget: Texas Medicare Cuts 4th Highest in Nation

Proposed Medicare Cuts Further Undermine Texas' Struggling Medicaid Program

Austin, TX – In commenting on a new analysis of the Bush Administration’s proposed budget and regulatory changes that will cut Medicare-financed nursing home care in Texas by \$104.9 million in the year ahead – the 4th highest level of cuts in the nation, and which reduces funding by \$17.22 per patient, per day – national and state long term care leaders today said the proposed Medicare reductions in Washington will further weaken Texas’ struggling Medicaid program, which has slipped to 49th in the nation in terms of reimbursement rates, according to independent data from the national accounting firm BDO Seidman, and other sources.

“The combined impact of the Bush Administration’s proposed Medicare budget cuts and associated regulatory changes will severely jeopardize the growing complex care needs of Texas’ oldest, sickest seniors -- especially when combined with the existing weakness of Texas’ Medicaid program,” stated Bruce Yarwood, President of the American Health Care Association (AHCA), based in Washington, D.C. “In addition to aggressively fighting these Medicare cuts in Washington, we are taking this policy battle to the state level to ensure long term care consumers, state lawmakers, and the public at large understand how the growing interdependence between Medicare and Medicaid financing is creating enormous strains on seniors’ overall care needs.”

As the Texas Medicare cuts rank 4th nationally in size, California ranks first with total cuts of \$142.6 million for FY 2009; Florida ranks 2nd at \$138.2 million; New York ranks 3rd at \$113.2 million; Ohio ranks 5th at 100.6 million. The data was computed by the AHCA Reimbursement and Research Department using Office of Management and Budget (OMB) data from the Bush Administration's FY 2009 Budget, and data from the Centers for Medicare & Medicaid Services (CMS).

In meeting with state long term care leaders around the nation, Yarwood is encouraging state affiliates to help engender a more robust debate about long term care issues in the 2008 federal and state elections. “Despite the increased level of rancor we’re now seeing in the presidential campaign, we are pleased that there is also an unusually substantive ongoing debate about

health care policy issues. We believe the time is right for there to be a major discussion in regard to how we can fix a Medicare and Medicaid long term care financing system that is increasingly failing Texas', and America's, oldest, sickest seniors."

Tim Graves, President of the Texas Health Care Association (THCA) said the combination of Medicare cuts and an anemic state Medicaid program will severely undercut facility staffing efforts and intra-facility quality improvement programs, many of which are being conducted jointly with state and federal government. "The unfortunate irony is that on one hand, we are working vigorously and successfully to improve facility care, while, on the other hand, government payment policy undermines our collective policy objective – which is to improve quality standards in the face of a growing demographic tidal wave of retirees with substantially more complex care issues."

And now more than ever, Graves observed, we need to initiate a discussion about how to strengthen long term care in Texas, where our Medicaid reimbursement rates have slipped to 49th 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."

The THCA President said that with Medicaid financing a joint state-federal responsibility, the Texas long term care profession is urging incumbent state lawmakers as well as their challengers – through a new Texas-specific effort, "Educate '08" -- 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.

Even on a regional basis, Graves pointed out, Texas is falling behind: New Mexico ranks 30th nationally, at \$137.24; Oklahoma ranks 44th, at \$116.84; Arkansas ranks 47th, at \$111.76; and Louisiana ranks 45th, at \$115.00. said Graves: "This is not a discussion about just money and rates – it is about maintaining care quality standards and dignity for many Texas seniors in their late 70's, 80's and still older. The good news, of course, is that Texans are living longer and healthier lives. The flipside is that an increasingly older population will eventually require more extensive care, and this fact cannot be ignored in Austin or in Washington."