



**For Immediate Release**

May 28, 2008

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## **New Study of Bush Medicare Cuts: Texas' Rural Seniors, Nursing Homes 2<sup>nd</sup> Hardest Hit in Nation**

*Texas Health Care Association: Rising Energy and Food Costs, Existing Medicaid Squeeze Already Pose Problem for Texas Facilities*

**Austin, TX (May 28, 2008)** – A new national study analyzing how Medicare budget cuts proposed by the Bush Administration will impact rural America's seniors and nursing homes finds Texas will be the second hardest-hit state in the nation, prompting the Texas Health Care Association (THCA) to warn that yet another funding cut related to long term care financing simply adds to the already significant challenges posed by rising energy and food costs, and a state Medicaid payment rate that ranks 49<sup>th</sup> in the nation in terms of accurately meeting facility reimbursement rates.

"Our top policy objective is to ensure every Texan who needs it has ready, ongoing access to quality nursing home care – but on almost every front, seniors and the facilities statewide who care for them face more funding hurdles and threats to an already-problematic long term care funding environment," warned Tim Graves, President of THCA. "These new Medicare cuts fall on top of state Medicaid funding rates that do not come close to financing the actual cost of providing quality care, and on top of sharply rising energy and food costs. We respectfully urge the Bush Administration to reconsider moving forward with these cuts."

At issue is the fact the Bush Administration issued a proposed regulation on May 1, 2008, that would cut Medicare skilled nursing facility (SNF) payments to account for a "forecasting error" made by the Centers for Medicare and Medicaid Services (CMS) in 2005. CMS administers federal Medicare and Medicaid funding on behalf of the Administration. In making the "correction," CMS will cut Texas' total Part A SNF funding in FY 2009 by \$45.7 million -- \$8.2 million of which is cuts to rural seniors and the facilities who care for them. Texas' rural patient per day (PPD) cut is \$10.05, according to the AHCA study.

The AHCA data, released In Washington, D.C. yesterday, finds the following cuts in rural Texas will ensue if the Bush Administration's regulatory-driven budget cuts are implemented in the weeks ahead:

<b>State</b>	<b>Rural Cut</b>	<b>Rural Cut to Daily Patient Care Funding</b>	<b>State Total</b>
OH	\$9.1	\$11.79	\$45.4
TX	\$8.2	\$10.05	\$45.7
NC	\$7.4	\$11.09	\$21.8
IL	\$6.6	\$10.94	\$42.7
PA	\$6.6	\$11.52	\$37.7
TN	\$6.5	\$10.84	\$18.8
KY	\$5.6	\$10.84	\$13.0
IN	\$5.3	\$11.02	\$23.6
MO	\$5.1	\$10.35	\$16.6
MI	\$4.7	\$11.24	\$27.4
<b>U.S.</b>	<b>\$133.2</b>	<b>\$10.96</b>	<b>\$770</b>

Graves also said the combination of Medicare cuts and an anemic Texas Medicaid program is hampering 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 in Texas are working vigorously and successfully to improve facility care, while, on the other hand, government payment policy at the federal and state levels undermines our policy goal – which is to sustain improved quality standards in the face of growing demand for care. Every day, facilities throughout rural Texas are coping with skyrocketing energy and food prices – which further slice into already-thin operating margins.”

With Congress back in Texas over the Memorial Day district work period, Graves urged federal and state lawmakers alike to examine and discuss how the collective squeeze of long term care financing is undermining staffing enhancement efforts, placing patient care in jeopardy, and hurting the Texas health care delivery system. “We will continue to work in a positive and constructive effort to not just outline the many problems faced by patients and providers, but to also advance ideas and solutions in the weeks and months ahead.”

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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.*