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**THCA Warns of Ominous Implications for Seniors, Jobs, Local Communities if Deep Medicaid Rate Cuts Enacted**

*THCA's Tim Graves: "Seniors, Caregivers, Local Communities Will be Placed in Clear and Present Danger"*

**Austin, TX** – In testimony today before the Texas Health and Human Services Commission staff regarding proposed 2% rate cuts to Medicaid-funded nursing home care, the President of the Texas Health Care Association (THCA), Tim Graves, expressed concern the cuts just announced “are but a prelude to the possibility of still more much deeper cuts once the next Legislature begins writing a budget for the next biennium.”

Graves, evaluating the total funding picture, testified: “The proposed 2% Medicaid rate cuts – on top of last September’s \$25.6 million state Medicaid cuts and federal Medicare cuts of over \$1.5 billion over ten years enacted as part of CMS actions and health care reform – places Texas’ nursing home residents, their caregivers and the local communities in which they reside in clear and present danger.” The THCA President said the cumulative cuts will jeopardize Texas nursing facilities’ ongoing abilities to continue to provide quality care to Texas’ oldest most vulnerable citizens, and puts at risk many of the important jobs that are critical to the quality of life of nursing home residents.

“We understand our state leaders’ concerns about the challenging budget situation, and we want to be part of a solution that ensures that quality nursing facility care and local jobs are preserved,” he said, “but cuts on top of cuts on top of still more cuts is the completely wrong answer. It creates more problems than it solves.”

Continued Graves: “Rest assured these cuts will decrease access to long term care services, particularly nursing home services, and as a consequence will increase the utilization of much higher cost acute care services, including hospital admissions and emergency room visits. There are steep consequences to rate reductions and budget cuts – for patients, for jobs, and indeed our taxpayers.”

Looking back over the last decade’s worth of Medicaid reimbursement, Graves explained, this proposal amounts to a two percent reduction in a rates that already holds the unenviable rank of 49th lowest in the country. For more than ten years, he said, the

Texas nursing facility Medicaid reimbursement rates have been set at levels that have not even covered the operating costs of Medicaid contracted nursing home operators.

“The clear message being sent to providers is to just cut your staffing levels, or cut their pay,” Graves said. “Labor accounts for approximately two-thirds of nursing home costs and that’s the wrong place to force cuts.”

Concluded Graves: “In just a few days, there will begin a vigorous discussion about budgetary priorities in the legislative session. We intend to be part of that discussion, in order to ensure that the Texas Medicaid program is funded adequately so that lawmakers’ local facilities have the resources to keep their doors open, sustain quality care for their oldest constituents, and continue to generate good local jobs. Our message will continue to be: Quality care, good local jobs and adequate Medicaid funding from Austin all go hand in hand.”

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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.*