



For Immediate Release

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New Texas Economic Study: Bush Medicare Cuts Undermine State and Local Economic, Jobs Base

Texas Projected to Lose \$121 Million in Economic Activity, \$53 Million in Lost Wages, Nearly 1600 Jobs; Texas Health Care Association Says New National, Texas Polls Show Strong Sentiment Against Federal, State Eldercare Budget Cuts

Washington, DC (June 6, 2008) – As Congress returned to Washington this week following its Memorial Day district work period, the Texas Health Care Association (THCA) released a new analysis finding the Bush Administration’s proposed \$770 million Medicare Part A nursing home funding cuts will not only cost Texas seniors \$45.6 million in essential health benefits, but cause Texas to lose \$121 million in total economic activity, \$53.5 million in lost wages, and 1586 jobs in the year ahead. THCA officials are in Washington this week lobbying the Texas congressional delegation on long term care financing and other relates issues.

According to the new study, prepared by the American Health Care Association (AHCA), the following schedule illustrates the direct, indirect and induced impact of the Administration’s pending \$45.6 Medicare cut on Texas, scheduled to go into effect this summer:

	<u>Direct</u>	<u>Indirect</u>	<u>Induced</u>	<u>TOTAL</u>
Business Activity Impact (\$)	45,663,875	15,777,192	59,622,818	121,063,885
Income Impacts (\$)	27,723,334	5,091,449	20,782,250	53,597,033
Employment Impact (Jobs)	983	137	466	1,586

Direct Effect represents the impact (e.g. change in employment or revenues) for the expenditures and/or production values specified as direct final demand changes.

Indirect Effect represents the impact (e.g. change in employment) caused by the iteration of industries purchasing from industries resulting from direct final demand changes.

Induced Effect represents the impacts on all local industries caused by the expenditures of new household income generated by the direct and indirect effects of final demand changes.

Total Impact is the sum of the direct, indirect and induced effects.

Labor Income is the sum of employee compensation and proprietary income.

Economic Impact Analysis: Impact Analysis for Planning (IMPLAN) software, Minnesota IMPLAN Group, Inc., 2006 data.

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“The Bush Administration’s proposed Medicare cuts not only threaten Texas seniors’ access to quality care throughout the state, but will also negatively impact our state’s economy and local employment base,” stated

Tim Graves, President of THCA. "The Medicare cuts represent a 'lose-lose' proposition because seniors' care needs will be shortchanged and our state economy and jobs base will be damaged."

The Texas long term care leader said the Medicare regulations being changed by the Bush Administration are currently helping facilities throughout Texas successfully serve higher acuity patients -- at a lower cost than other settings. "Considering the fact existing Medicare policy is beneficial to both patients and the taxpayers who finance the program, it is especially curious this regulatory policy change is being pursued by the President's health care team," Graves stated. Current policy, he added, saved Medicare \$709 million in 2006 alone nationally, according to an independent analysis by Avalere Health, LLC.

"It is our intent to ensure the Texas congressional delegation is well informed about the significant damage the Administration's Medicare changes will incur both to Texas' most vulnerable citizens and to our state and local economy," Graves concluded.

Graves also observed that new national and Texas polling data show strong opposition to cutting seniors' long term care funding: Earlier this week, the American Health Care Association (AHCA) released the results of a new national survey by Zogby International finding 70 percent of likely U.S. voters oppose the Bush Administration's planned cuts to Medicare-financed nursing home care. In addition, the poll found, 67% say they are less likely to re-elect their Member of Congress if he or she voted for the Medicare cuts, which are still being considered on Capitol Hill. The Zogby International survey of 1076 likely U.S. voters, conducted 5/15-18, has an error margin of +/- 3%.

Earlier this week in Austin, THCA released a statewide poll of registered Texas voters by Baseline Associates that found 57% of voters less likely to vote for their local state legislator if he or she opposed increasing the amount the state currently pays nursing homes for Medicaid resident care. "We will ensure voters are not only aware Texas' Medicaid rates are the 49th lowest in the nation -- and fail to pay the daily rate the State *itself* says is necessary to care for Texas' oldest, most needy citizens -- but also which lawmakers are helping to ensure this ongoing Medicaid funding crisis is properly rectified by state government. We are heartened that both nationally and in Texas, voters oppose budget policies that harm seniors' ongoing access to quality nursing home care, and jeopardize the jobs of the key frontline caregivers who make a significant difference in patients' care outcomes." The Baseline Associates poll of 801 registered Texas voters was conducted 4/30-5/4, and has an error margin of +/- 3.5%.

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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.