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Possible State Cuts to Texas Seniors' Nursing Facility Medicaid Funding Imprudent in Light of Worsening Facility Cost Squeeze

Negative Implications of Recently-Enacted Federal Medicare Cuts and Already Underfinanced State Medicaid Rate System Require Careful Scrutiny as Funding Priorities Debated

Austin, TX – In testimony at a Health and Human Service Commission (HHSC) hearing on possible budget reduction options, the President of the Texas Health Care Association (THCA) warned that any cuts now to Texas Medicaid payment rates for nursing home care will confront the nursing home profession with dire financial consequences. The Federal Center for Medicare and Medicaid Services (CMS) has already begun to implement \$725 million in federal Medicare cuts, which Texas has historically relied upon to prop up the already inadequate funding of state Medicaid rates that have not met the state's own rate-setting methodology since 1999.

"Before we engage in discussions about cutting Texas seniors' key Medicaid-financed programs, we absolutely have to look first at the fact that nursing homes are already having to deal with a state and federal funding environment that squeezes facilities' abilities to recruit and retain high quality direct care staff and to deliver the level of care that our frail and elderly residents deserve and expect. They have spent their lives paying taxes to support this system of care, and it simply is not fair that the state would turn its back on them now, when they need it the most," stated Tim Graves, President of THCA. "A full eighty to eighty-five percent of nursing home residents are dependent upon federal and state programs that have already been cut -- or now being examined for cuts at today's hearing. This double whammy on facilities and their residents is a truly ominous development."

Graves pointed out that the impact of the CMS recent \$725 million cut to Texas seniors' Medicare-funded nursing home care is adding greatly to the chronic stress already inflicted on seniors' care needs due to the fact that Medicaid rates paid to providers in 2010 are approximately \$200 million short of meeting the state's own conservative estimate of necessary funding.

"Governor Perry, Lt. Governor Dewhurst and Speaker Strauss have made it clear the challenging budget conditions we face in this 2010-11 biennium, and potentially into 2012-2013 as well. THCA, and the nursing home profession across Texas want to be a part of a rational and compassionate budgetary solution that makes economic sense in this period of recession. The Medicaid cuts that the state is laying out for consideration could precipitate the loss of far more in federal funding than it will save in state general revenue dollars," stated Graves. "Starting at today's HHSC hearing, we intend to highlight the fact that meeting seniors' long term care needs - - as well as sustaining a strong workforce and local jobs base -- will be predicated upon appropriate Medicaid funding levels from Austin, particularly in the face of deep cuts to Medicare funding in Washington."

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Concluded Graves: "It is essential to have an open, engaged public discussion to ensure our state lawmakers understand how cuts in federal Medicare spending means that it is now even more vital to close the gap in state Medicaid rate adequacy. The well being of 60,000 Texas seniors now in the care of our dedicated nursing home services providers is at stake."

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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.