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New National Medicaid Study: Texas Seniors' Care Underfunded by \$271 Million Annually
Texas Ranks 4th Nationally in Terms of Cumulative Underfunding of Key Seniors' Care Program

AUSTIN, TX (DECEMBER 9, 2009) – A new Eljay, LLC analysis of the nation's Medicaid program released by the American Health Care Association (AHCA) projects that Medicaid underfunds the actual cost of providing quality long term care in 2009 by \$271 million annually in Texas, and that Texas seniors rank 4th in the nation in cumulative underfunding of this care. The analysis also found that Texas seniors' care was underfunded by Medicaid at the amount of \$12.96 per-patient day (PPD).

"Although recent funding adjustments have helped, the wide gap between the cost of providing the quality care Texas seniors deserve and what Medicaid actually pays – combined with the growing pressure on our state budget – represents a dangerous threat to our most vulnerable seniors' care needs," warned Tim Graves, President of the Texas Health Care Association (THCA). "To our federal legislators working on national health care reform in Washington, this report is a stark and timely reminder that a strong Medicare funding component in a final federal bill is a literal lifeline to protecting their most vulnerable elderly constituents."

Medicare cross-subsidization of Medicaid – Medicare being forced to prop-up the deteriorating Medicaid program in the wake of historically challenging state fiscal conditions – "continues to play an important role in sustaining nursing home care," the report warns. "The Medicaid reimbursement outlook for 2010 and 2011 is bleak – and is worse than any other year in the last seven in which this annual Report has been compiled due to unprecedented state budget deficits and expiration of federal stimulus funds at the end of 2010," continues the Medicaid study analysis.

The largest payer for long term care in the nation, Medicaid pays for more than two-thirds of skilled nursing facility patient-days annually. Each state sets a daily care reimbursement rate ostensibly tied to the "allowable costs" of providing care in that state – costs such as 24-hour nursing care; three meals per day with important dietary supplements; other essential care services for grooming, personal care, bathing, and eating; medical, supplies such as beds and wheelchairs; social activities, and more in a number of states.

According to the new Medicaid analysis, Texas ranks 4th In terms of aggregate Medicaid underfunding:

States with largest aggregate Medicaid underfunding:

1. New York
2. Illinois
3. Ohio
4. Texas
5. New Jersey
6. Pennsylvania
7. Massachusetts
8. Florida
9. California
10. Wisconsin

"In releasing the new 2009 state Medicaid under funding data, Graves explained that ensuring a strong Medicare component in a final health reform bill is made still more urgent due to the fact cuts of up to \$16 billion just went into effect on October 1, 2009 as a result of regulatory changes made by the Obama Administration. These new cuts to Medicare are already starting to squeeze the fragile funding stream facilities all across Texas depend upon to sustain basic operations.

"Deep Medicare cuts in any final bill would ignore the fragile economic situation in which Texas nursing homes operate," Graves concluded. "Sixty percent of facility costs are labor-related, and major disruption to facilities' economic stability caused by deep cuts will create a negative domino effect of significant caregiver job losses and disruptions to our intra-facility quality improvement initiatives. Ultimately, seniors' care in facilities across the entire state will be placed in extreme jeopardy."

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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.