

March 25, 2010  
THCA/AHCA Teleconf PR FINAL

**Texas, National Long Term Care Leaders: Proposed State Medicaid Cuts Imperil Seniors' Care, Risk Local Health Jobs, Undermine Facility Stability**

*Medicaid Cuts in Austin, Medicare Cuts in Washington Represent 'Double Whammy' Threat to Quality Care*

**Austin, TX** – In a news teleconference with Texas media today, state and national long term care leaders warned the new round of cuts to Medicaid-funded nursing home care now being considered by Austin policymakers places seniors' care in direct jeopardy, puts key facility jobs at substantial risk, and undermines the economic stability facilities require to continue the provision of quality care to Texas' most vulnerable seniors and persons with disabilities.

The long-term care leaders also noted that recently-passed \$725 million cuts to Texas seniors' Medicare-funded nursing home care, coupled with the threat of more cuts in the FY 2011 federal budget, also requires the Texas congressional delegation to act with vigilance in preserving, protecting and defending their elderly constituents' Medicare benefits.

"A full eighty to eighty-five percent of Texas' nursing home residents are dependent upon federal and state programs that have already been cut in Washington, or now being examined for cuts here in Austin," said Tim Graves, President of the Texas Health Care Association (THCA). "This double whammy in terms of federal Medicare cuts just enacted and state Medicaid cuts now under consideration is an ominous development for seniors, caregivers and the ongoing economic viability of facilities all across Texas. Before Austin even thinks about cutting Texas seniors' key Medicaid programs, we must look first at the fact nursing home residents in rural, urban and suburban settings alike are already confronting a state and federal funding environment that also squeezes facilities' ongoing ability to recruit and retain high quality direct care staff. This is not in seniors' interest, nor the public interest."

Bruce Yarwood, President and CEO of the American Health Care Association (AHCA), pointed out that beyond threatening patient care and undermining local employment stability and opportunities, the worsening Medicare and Medicaid cost-squeeze inhibits Texas' facilities' continued investment in cost effective care. "Nursing homes in Texas, like facilities nationally, are caring for an increasingly diverse patient base, and providing a greater variety of acute care, rehabilitative and convalescent services that cannot be delivered elsewhere. These are the very services patients depend upon in order to recuperate and return to their homes. The ability to continue making progress on this vital front is being undermined by a seemingly never-ending barrage of state and federal funding cuts."

Wayne Culp, Licensed Nursing Facility Administrator for the Park Manor Facilities in the Houston area, expressed concern the worsening cumulative cost squeeze on facilities is having a negative impact on his ability to offer expanded benefits in the competitive employment market. "The crushing Medicaid and Medicare cost squeeze – which has become more problematic over the past year -- undermines our ability to offer additional benefits to our staff, and undermines our ability to compete in the jobs marketplace," Culp said. "And like other facilities throughout the Houston area, and across the state, we have been forced to defer investment in the new equipment and technologies we need to continue the provision of quality care in the years ahead – at a time when more baby-boomers are flooding the long term care system. It doesn't make sense and is short-sighted to reduce funding as demand for care is rising."

Graves said the negative impact of the federal Center for Medicare and Medicaid Services (CMS) \$725 million cut to Texas seniors' Medicare-funded nursing home care, which went into effect October, 2009, is adding to the chronic stress already inflicted on seniors' care needs due to the fact Medicaid rates paid to providers in 2010 are approximately \$200 million short of meeting the state's own conservative estimate

of necessary funding.

“With the challenging budget conditions we face in this 2010-11 biennium, we want to make sure voters know and understand that state Medicaid cuts now up for consideration could precipitate the loss of far more in federal funding than it will save in state general revenue dollars,” Graves continued. “Successfully meeting our most vulnerable 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 cuts to Medicare funding in Washington.”

From a health care policy perspective, Graves and Yarwood pointed out that Medicare’s dangerous “cross-subsidization” of Medicaid -- Medicare being forced to prop-up deteriorating Medicaid funding -- continues to play a vital role in sustaining nursing home care for Texas’, and the nation’s most vulnerable citizens. The long term care leaders said it is their mission moving forward to help ensure Texas’ state and federal lawmakers understand the growing inter-relationship between Medicaid and Medicare funding, and how additional federal Medicare cuts would reverse demonstrated progress in boosting facility care quality.