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**TESTIMONY OF TIM GRAVES, PRESIDENT/CEO
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SENATE FINANCE COMMITTEE**

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Thank you for holding this hearing today -- we appreciate the opportunity to offer our views and comments, and look forward to continuing our work with you to help ensure Texas' most vulnerable frail, elderly and disabled citizens receive the quality long term care and services they need and deserve.

THCA believes this is a good time to work on creative solutions to improve the way we fund and provide for seniors' care in Texas -- and to invest in a modern, efficient long term care system that addresses today's needs and tomorrow's growing challenges.

It is more important than ever for us to work together to finally begin evaluating spending on Medicaid-financed nursing home care not just in the context of a two-year legislative cycle -- and in isolation from other providers and funding sources -- but in terms of how we can work together to improve care quality across the entire continuum in a way that protects seniors and respects taxpayers. These two worthy goals are not mutually exclusive.

Estimates provided in the Health and Human Services Commission (HHSC) Consolidated Budget show that **\$368 million in new General Revenue spending is needed in the 2010-2011 biennium to address the operating and staffing needs of Texas nursing homes** -- which serve almost 60,000 Medicaid nursing home residents twenty-four hour a day, 7 days a week, 365 days a year.

Funding the HHSC estimates is not a Cadillac solution -- it is a baseline necessity to increasing the number and skill level of direct care staff in nursing facilities across Texas. Making the appropriate investment in Medicaid can help reduce the number and frequency of hospital admissions by improving resident health, and increasing the capability of skilled nursing facilities themselves to successfully treat more complex medical conditions and incidents -- at lower cost to taxpayers.

This is an important, vital part of the broader eldercare policy dialogue and discussion we intend to have with lawmakers this session.

Since 1999, the Texas legislature has failed to appropriately fund the rising costs related to caring for Medicaid nursing home residents – typically in their 80's, and who have severe chronic care issues. Rate adjustments over the last few years have provided marginal improvement to the serious financial conditions that continue to confront nursing home service providers, but the state still fails to fund care at the level it actually says is needed to provide quality care.

As the issue of the pending federal stimulus bill is in the news, and is a major piece of federal legislation with implications to today's discussion, I believe it is important to address and note some of the potential Texas seniors could derive from the bill. In particular I speak of the possibility that a substantial and previously unanticipated addition to our state's general revenue will be gained from a temporary increase in the Federal Matching Assistance Percentage, or FMAP.

It is not unprecedented for Congress to provide limited, or one-time, payments to states to help us through periods of increased budgetary pressure on Medicaid services due to economic challenges. THCA believes the pending legislation provides us the opportunity to seriously begin closing the gap in Medicaid funding that has negatively affected all Medicaid providers and the patients under their care for nearly ten years.

Strengthening Medicaid is good policy from the standpoint of protecting quality care for seniors, maintaining a strong local jobs base, strengthening our long-term care capacity in times of growing demand. And it is also good for taxpayers -- who expect and deserve smart Medicaid reforms that benefit every Texan.

We look forward to working constructively with you, and this Committee, to formulate and enact eldercare policy we can and should be proud of.