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NEWS

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PHCA SEEKS TO LIMIT DIVERSION OF STATE MEDICAID DOLLARS TO PAY FOR OTHER BUDGET PRIORITIES

Transferring funds jeopardizes long-term care safety net, hurts nursing homes that contribute \$11.7 billion to state economy

HARRISBURG --- Plans to divert a portion of state Medicaid dollars to plug other budget holes will jeopardize the health-care safety net for the state's most vulnerable residents, especially the elderly in nursing homes, said Stuart Shapiro, MD, President and CEO of the Pennsylvania Health Care Association. PHCA is urging the state not to halt but to limit the amount it transfers this year.

"When times are tough, the needs are greater," Dr. Shapiro said to more than 500 nursing home residents, employees and administrators who rallied inside the state capitol in honor of National Nursing Home Week in Pennsylvania. "So it's more important than ever that we preserve access to quality care for Pennsylvania's frail elderly and disabled residents."

Pennsylvania is set to receive a total of \$4 billion in additional federal Medicaid stimulus dollars over the next 20 months. With the increase in federal money, however, the Governor's budget proposes diverting \$286 million of the state's own Medicaid nursing home funds to pay for other budget purposes, such as education, prisons and transportation.

PHCA and its 327 long-term care and senior service providers want to limit the amount that the state diverts to \$248 million. That would guarantee that the state's already-underfunded nursing homes won't suffer a decrease in their Medicaid rates, as well as ensure low-income elderly have access to quality long-term care by providing additional funding to those nursing homes who serve a higher-than-average percentage of Medicaid residents.

"When Congress passed the stimulus package and put in that extra Medicaid money, they did it to help states maintain their safety nets," Dr. Shapiro said. "Times are tough, and we understand the need to divert some state Medicaid funds for other purposes. All we're saying is don't divert it all. Take a quarter of a billion dollars, but no more. I think that's a reasonable request."

Dr. Shapiro said limiting the diversion of funds would have a two-fold effect: Not only would it ensure frail elderly age with dignity and respect, but it also would help communities thrive.

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Nursing homes provide a huge boost to local economies, and the profession is important to the commonwealth's economy overall. Pennsylvania's 725 nursing homes contribute 2.2 percent of the state's total economic activity, or \$11.7 billion, and create nearly 160,000 jobs that provide \$5.7 billion in wages and salaries. The nursing home industry generates \$1.85 billion in tax revenue.

Nursing homes have absorbed big losses over the years. Over the past 3½ years, the state has underpaid nursing homes nearly \$650 million for the care of Medicaid residents. Two out of three nursing home residents are on Medicaid. Facilities lose an average of \$14 a day, or \$5,000 a year, for each Medicaid resident they serve.

Andrew Wittman, the administrator at Nipple Convalescent Home in Liverpool, Perry County, said limiting the state's diversion of Medicaid dollars is critical to facilities like his, where 98 percent of residents are on Medicaid. Unlike other health-care institutions, nursing homes are reliant on Medicaid, and facilities like his are especially vulnerable this budget year.

As vital as nursing homes are to communities economically, nothing compares to the mission they carry out to help Pennsylvania's most vulnerable residents.

Nursing homes provide an essential service for frail elderly and others in need in Pennsylvania, and older residents are able to age with dignity and respect largely because of the attention and care they receive from dedicated staff like Dianne George of Conestoga View in Lancaster, Lancaster County.

George, a nurse aide for 24 years, explained the challenges of providing around-the-clock care to residents who are among the sickest of the sick in Pennsylvania. The acuity (or "sickness") level of nursing home patients has increased dramatically in recent years.

Ray Calhoun, PHCA's board chairman and the co-owner of 20 Guardian Eldercare facilities in central, western and northeastern Pennsylvania, said that trend will continue. Pennsylvania is among the nation's oldest and most rapidly aging states, ranking third nationally by percentage of population age 65 or older. The state has an estimated 3.4 million baby boomers --- almost 5 percent of the national total. Baby boomers begin to turn 65 in 2011.

"I can't think of a better way to repay our Greatest Generation than to help them find comfort, peace and dignity as they age," said Calhoun, who has been in the profession for 33 years. "And I can't think of a better way to mark National Nursing Home Week than to praise the caretakers who work long hours and demanding jobs day in, day out to keep our residents healthy and safe."

PHCA is a statewide advocacy organization for Pennsylvania's most vulnerable older residents and their providers of care. Members comprise for-profit, nonprofit and government providers. PHCA, along with its sister agency, the Center for Assisted Living Management, represents 327 long-term care and senior service providers that care for 38,000 elderly and disabled individuals. For more information about PHCA, call 717-221-1800 or visit www.phca.org.

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