

US nursing homes pushed to brink: fund cuts, recession force layoffs, cutbacks, closings

By: DAVE COLLINS
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HARTFORD, CONN. — The nation's nursing homes are perilously close to laying off workers, cutting services — possibly even closing — because of a perfect storm wallop from the recession and deep federal and state government spending cuts, industry experts say.

A Medicare rate adjustment that cuts an estimated \$16 billion in nursing home funding over the next 10 years was enacted at week's end by the federal Centers for Medicare and Medicaid Services — on top of state-level cuts or flat-funding that already had the industry reeling.

And Congress is debating slashing billions more in Medicare funding as part of health care reform.

Add it all up, and the nursing home industry is headed for a crisis, industry officials say.

"We can foresee the possibility of nursing homes having to close their doors," said David Hebert, a senior vice president at the American Health Care Association. "I certainly foresee that we'll have to let staff go."

The funding crisis comes as the nation's baby boomers age ever closer toward needing nursing home care. The nation's 16,000 nursing homes housed 1.85 million people last year, up from 1.79 million in 2007, U.S. Census Bureau figures show.

Already this year, 24 states have cut funding for nursing home care and other health services needed by low-income people who are elderly or disabled, according to the Center on Budget and Policy Priorities, a nonprofit research firm based in Washington, D.C.

Some facilities are now closed because of money problems — including four in Connecticut — and others have laid off workers because of what industry officials say are inadequate Medicaid reimbursement rates. Medicare cuts are troubling, they say, because the higher Medicare reimbursements have been used to compensate for the lower Medicaid rates.

In Griswold, Conn., the community's only nursing home shut down earlier this year because of rising costs and an inability to pay for \$4.9 million in needed renovations for the 90-bed facility.

"A 92-year-old woman was screaming and crying as she was loaded into the ambulance, saying 'This is my home,'" Griswold First Selectman Philip Anthony said. His 88-year-old mother was a resident of the same home at the time.

Anthony sought and found a new facility for his mother, but she died of pneumonia before the Griswold Health and Rehabilitation Center closed in the spring.

"To be hit with a sudden and deliberate closure like this, it just drained the heart right out of you," Anthony said.

Connecticut Gov. M. Jodi Rell and state lawmakers gave no Medicaid rate increases to nursing homes in the state last fiscal year and kept the funding flat for the next two years.

The Griswold home was one of four nursing homes in the state that have closed since December because of financial problems, a higher rate than usual, said Deborah Chernoff, a spokeswoman for District 1199 of the New England Health Care Employees Union in Connecticut, which represents more than 20,000 health care workers in the state.

"We're really teetering on the edge of what we see as the collapse of the long-term care system," she said.

Chernoff said many of Connecticut's 240 or so nursing homes have been reducing workers' hours to deal with money problems, while two are in bankruptcy now.

Also this year across the country:

_ The Motion Picture & Television Fund said in January it would close a hospital and nursing home in Woodland Hills, Calif., founded to care for actors and other entertainment industry workers, because of financial losses.

_ The Westchester Medical Center in suburban New York said it would close a nursing home and cut 400 jobs to deal with Medicaid and other fund cuts.

_ The Dove Health Care nursing home in Glendale, Wis., near Milwaukee, closed this summer because of heavy debt.

_ Medicaid reimbursement rates to nursing homes were cut this year by Rhode Island (5 percent); Michigan (4 percent) and Florida (3 percent).

_ Washington state legislators whacked nursing home funding by \$93 million for the next two fiscal years.

Gary Weeks, executive director of the Washington Health Care Association, said some of the organization's 400 assisted living and nursing homes have laid off workers. Some will not survive, he said.

At the request of Weeks' association, a federal judge in July issued a temporary restraining order blocking the cuts because state officials didn't do a required analysis of how the reductions would affect care quality and access.

"There's a lot of pain going on everywhere, but it's clearly a crisis in long-term care," Weeks said.

"You're going to find that some folks go out of business," he said. "Some will look for more Medicare patients — Medicare pays more than Medicaid."

In Washington, D.C., health care interests are resisting President Barack Obama's plan to pay for his health care overhaul by slowing Medicaid and Medicare spending. Obama wants to trim \$313 billion from the two programs over 10 years.

It's not clear exactly how all the health spending cuts will affect nursing homes.

A University of Pittsburgh study earlier this year found nearly 1,800 nursing homes nationwide closed from 1999 to 2005, about 2 percent each year.

One of the study's authors, health policy and management professor Nick Castle, said the annual closure rate is rising, for reasons that include inadequate Medicaid reimbursement rates and the push for more home and community care.

"It's come to a head recently with state budgets being in such jeopardy that they're cutting in all areas," Castle said.

The federal stimulus package approved in February includes \$87 billion in Medicaid funding to help states. But Connecticut and several other states are using a

loophole in the legislation to divert the money to budget items unrelated to health care, according to a congressional study.

On average, Medicaid payments by states to nursing homes fell short by \$12 per patient, per day last year — nearly \$4.2 billion in unreimbursed costs for Medicaid-allowed expenses, according to the AHCA.

In New York City, the Metropolitan Jewish Health System laid off about 200 of its 1,000 employees at three nursing homes in Brooklyn because the state cut Medicaid funding by 10 percent to 14 percent, said President and Chief Executive Eli Feldman.

"We understand there's a recession/depression," Feldman said. "But this is not health reform ... and the victims are basically the people who live in the facilities. The Legislature basically says, 'Too sick, too old, too bad.'"