



May 21, 2009

FOR IMMEDIATE RELEASE

NEWS

Contact: Alison Everett: 717-221-7935
Cell: 717-608-5463

PHCA TO APPROPRIATIONS: PRESERVE ACCESS TO CARE FOR PENNSYLVANIA'S FRAIL ELDERLY AND DISABLED

Nursing homes are disproportionately impacted by Medicaid shortfalls. Two out of three residents are on Medicaid and for each one, a nursing home must absorb an average loss of \$5,000 a year.

HARRISBURG --- In tough economic times, it is more important than ever that Pennsylvania preserve its safety net for vulnerable residents, starting with the elderly and disabled in nursing homes, Stuart Shapiro, MD, President and CEO of the Pennsylvania Health Care Association (PHCA), told the House Appropriations Committee today during a hearing about the proposed state budget.

Now that additional federal Medicaid stimulus dollars are on their way to Pennsylvania, Dr. Shapiro called on legislators not to divert more than \$248 million of state Medicaid funding for other priorities. That would leave enough state Medicaid funds in the budget so that nursing homes don't suffer further Medicaid shortfalls and can continue to provide quality care and quality of life to Pennsylvania's oldest and sickest residents.

"We in the nursing home profession understand that the state is facing a serious deficit. We understand the need to divert some of the state Medicaid funds now that additional federal dollars are on the way," Dr. Shapiro said. "We are asking that you divert no more than \$248 million. Take a quarter of a billion dollars that typically would go to nursing homes and spend it elsewhere – but no more. Quality care and quality of life for Pennsylvania's nursing home residents must remain a state priority."

When Congress passed the American Recovery and Reinvestment Act, known as the stimulus package, in February, it included additional federal Medicaid funds to help states preserve their health care safety nets. Over the next 19 months, Pennsylvania will receive \$4 billion in additional federal Medicaid dollars. Because of those incoming funds, the Governor's proposed budget diverts \$286 million in state Medicaid nursing home funds for other purposes. Senate Bill 850 diverts \$296 million.

The Governor's proposed budget will result in 75 percent of Pennsylvania's non-county nursing homes that accept Medicaid residents experiencing a drop in their Medicaid rates come July 1, 2009. The impact of S.B. 850 on nursing homes is even greater; if enacted, 91 percent of non-county nursing homes would experience a decrease in their rates in July.

(more)

Nursing homes already are forced to absorb an average loss of \$14 a day, or \$5,000 a year, for each Medicaid resident. Two-thirds of residents are on Medicaid.

In the past 3 ½ years, Pennsylvania has under-reimbursed nursing homes more than \$650 million for the care of Medicaid residents. While other health-care providers who treat a small percentage of Medical Assistance patients may be able to shift their Medicaid losses to other payers, nursing homes cannot. PHCA's call to legislators to limit the diversion of state Medicaid funds to \$248 million includes a small incentive payment for nursing homes that serve a higher-than-average percentage of Medicaid residents (65 percent), as they have even less chance to make up their Medicaid losses.

Access to care is becoming an issue in some parts of the state. A recent study by the Hospital and Healthcare Association of Pennsylvania revealed that between 42 percent and 68 percent of hospitals – depending on location – have said they find capacity for skilled nursing care is an impediment to timely and appropriate discharge of their patients.

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.

Nursing homes provide a huge boost to local economies, and the profession is important to the commonwealth's economy overall. Pennsylvania's 722 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.

PHCA is a statewide advocacy organization for Pennsylvania's most vulnerable older residents and their providers of care. Members comprise for-profit and nonprofit 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.

###