

Frequently Asked Questions Medicare Cuts to Skilled Nursing Care

Q What ideas has the long term care community put forth as a lasting solution to sustainable, long term care financing?

A The long term care community has proposed various approaches to reform that would provide a lasting solution to the long term care financing crisis that not only reduces federal health care expenditures, but also provides seniors with greater care options, improves care coordination and enhances quality. Among the key components of the latest proposal are a voluntary, federal long term care benefit, an increased role of the private sector in financing long term and post-acute care and a completely new Medicare post-acute payment system.

Q Meaningful reform is going to require sacrifice and growing pains among all members of the healthcare community. Why should nursing home providers be exempt?

A We do not ask that nursing home care be excluded from cuts and compromise. Rather, we ask that reform be fair and equitable, and that it not come at the expense of our most vulnerable seniors, disabled citizens and the workers who care for them.

The cuts proposed would cut Medicare funding for seniors in nursing homes by more than \$32 billion in the House bill and \$14.6 billion in the Senate bill – which is in addition to \$12 billion in cuts just imposed by the Obama Administration. This combination of cuts is too deep and simply not sustainable, forcing deep reductions in jobs and negatively impacting quality. It is an unfair burden to place on our most vulnerable seniors relying on Medicare for their nursing home care. It will be tough enough to live with the cuts mandated by the Administration. No more cuts!

Q What do you propose that Congress do instead?

A We ask that Congress take into consideration the already severe cuts implemented to nursing home care, and to stop further funding cuts in order to ensure that key caregiver jobs and quality care are not put at risk. We stand ready to work with lawmakers and other stakeholders to advance a fair, equitable and effective reform bill that we can all be proud of.

Frequently Asked Questions – *continued*

Q Hospitals and the pharmaceutical industry have stepped up and taken a leadership role in reform. Why hasn't the long term care industry done the same?

- A** The long term care community has proposed various approaches to reform that would provide a lasting solution to the long term care financing crisis that not only reduces federal health care expenditures, but also provides seniors with greater care options, improves care coordination and enhances quality. Among the key components of the latest proposal are a voluntary, federal long term care benefit, an increased role of the private sector in financing long term and post-acute care and a completely new Medicare post-acute payment system.

The so-called deals that the hospitals and pharmaceutical industry have made would mean cuts that amount to 6.56 percent of total hospital revenues and 5.01 percent of total pharmaceutical industry revenues. Proposed cuts to skilled nursing facility care, on the other hand, represent 9.47 percent of total revenues – approximately double the cuts agreed upon by these sectors. In addition, hospitals will get money back since there will be universal coverage and no “bad debt.” Nursing homes receive nothing of the sort in the health care reform packages currently being debated.

Already, skilled nursing facilities operate with the smallest overall margin among health care providers – roughly 1 or 2 percent. Additional cuts are simply unsustainable to the provision of care and will threaten long term care services, negatively impact recent quality improvements, and put more than 50,000 jobs at risks, including key caregiver jobs.

Q Why are you referencing different numbers in your funding cuts estimates?

- A** Proposed cuts in House reform legislation are estimated to be more than \$32 billion. Though the Congressional Budget Office (CBO) scores the recently imposed Administration cuts at a more conservative \$12 billion in cuts, other estimates set them at as much as \$16 billion over the next 10 years. Whether \$12 billion or \$16 billion, it is important to note that neither estimate takes into account the chronic Medicaid underfunding that exists in skilled nursing care – which is a growing problem as many states are squeezing or freezing Medicaid rates. The Senate bill contains cuts amounting to \$14.6 billion over ten years.

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