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**Alliance Decries MedPAC's Recommendations to Congress**  
*Report threatens quality of care for Medicare beneficiaries, ignores marketplace dynamics for nursing homes*

**WASHINGTON, DC** – The Alliance for Quality Nursing Home Care today criticized recommendations the Medicare Payment Advisory Commission (MedPAC) presented to Congress concerning Medicare payments for skilled nursing care, saying that cuts this deep would jeopardize the quality improvements being made and documented in nursing homes nationally. The recommendations include eliminating the required inflationary increase in payments to skilled nursing facilities (SNFs). If Congress implemented this recommendation, payments to SNFs would be slashed by \$1 billion in FY 2008.

“Nursing homes have achieved dramatic quality improvements in recent years. But history shows that stable Medicare funding is essential to maintaining and sustaining these quality improvements. Cuts in Medicare payments - - which MedPAC’s recommendations would require – would imperil quality,” said Alan Rosenbloom, President of the Alliance. “This would affect not only the 1.5 million elderly and disabled citizens who rely upon SNFs for care, but also the hundreds of thousands of dedicated caregivers who provide care and services to them.”

“MedPAC’s recommendations disregard the dynamics of the marketplace,” said Rosenbloom. “By failing to consider the substantial operating losses SNFs incur under the Medicaid program,” he continued, “MedPAC’s recommendations inaccurately portray financial reality.” Medicaid operating margins for SNFs are **negative 7%**, and nearly two-thirds of nursing home patients receive Medicaid, such that nursing homes receive \$4-5 billion per year less from Medicaid than the reasonable cost of care. As a result, overall operating margins for SNFs are razor thin and, according to independent research, among lowest among major health care provider groups. Rosenbloom noted that “Medicare payments can not be viewed in a vacuum, as they play a significant role in offsetting Medicaid losses.”

“Nursing homes are part of the solution to escalating Medicare costs, but not through slashing payments,” according to Rosenbloom. “Nursing homes increasingly care for higher acuity patients that a decade ago would have been cared for in higher cost settings. MedPAC’s recommendation would slow this transition, which actually adds to overall Medicare expenditures in the long run.”



“We are confident that many Members of Congress recognize the broader context within which MedPAC’s recommendations must be considered, and will not act precipitously to undermine the quality of care and services Medicare beneficiaries receive or threaten the substantial quality improvements SNFs have made in recent years. By assuring continued stability in Medicare funding, Congress will go a long way toward sustaining quality improvement. We look forward to working together toward a more equitable and stable Medicare funding solution for the nursing home sector,” concluded Rosenbloom.

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*The Alliance for Quality Nursing Home Care ([www.aqnhc.org](http://www.aqnhc.org)) is a coalition of 17 of the nation’s largest skilled nursing providers who deliver care to hundreds of thousands of patients on a daily basis.*