

For Immediate Release
202-203-0448
November 1, 2007
528-4214

Contact: Amy Weiss,
Debra DeShong Reed, 202-

**Senator Tim Johnson Fighting for America's Most Vulnerable Seniors by
Opposing Medicare Cuts**

*Rural Seniors, Communities Face Disproportionate Threat from
Possible Five-Year, \$2.7 Billion Cut*

Washington, DC – In thanking U.S. Senator Tim Johnson (D-SD) for his recent letter to Senate Majority Leader Harry Reid (D-NV) and Senate Finance Committee Chairman Max Baucus (D-MT) urging them to oppose cuts in Medicare Part A nursing home benefits for seniors, the Alliance for Quality Nursing Home Care pointed out five-year, \$2.7 billion cuts like those proposed several months ago pose a disproportionate threat to America's most vulnerable rural seniors, and to the jobs and employment base of the nation's rural communities.

"With his letter, Senator Johnson has raised concerns about a key health care policy matter at a very important time," warned Alan G. Rosenbloom, President of the Alliance. "South Dakota seniors, like seniors in other predominantly rural states, face a very real threat from Medicare cuts now under consideration by the U.S. Senate," warned Alan G. Rosenbloom, President of the Alliance.

Senator Johnson's letter to Senators Reid and Baucus states, "As you are aware, the CHAMP Act passed by the House contained a provision cutting \$2.7 billion from Medicare funding for skilled nursing facilities (SNFs) over the next five years, and an alarming \$6.5 billion in the next decade... skilled nursing facilities (SNF's) provide rehabilitative, health care and related services to 3 million Medicare beneficiaries each year... Three out of every four patients are women, and more than half have annual incomes of less than \$10,000. SNFs employ 2.1 million direct care workers, 86 percent of whom are women and 30 percent of whom are minorities."

Johnson's letter also notes the negative impact on staffing if the Medicare cuts are enacted: "Approximately 70 percent of SNF costs are labor related. I believe that any reduction in Medicare funding for SNF care will have a direct and negative impact on these Americans... I believe that these few facts demonstrate how damaging cuts to Medicare would be to our nation's post-acute and long-term care needs. I urge you to oppose any reductions in Medicare funding for SNF care in any future legislation that addresses Medicare policy changes."

Rosenbloom concurred with the Senator's sentiment, and noted that in addition to the fact approximately 70 percent of nursing home operating costs are staffing-related, skilled nursing facilities are playing a growing, important role when it comes to providing the rehabilitative care patients require to return home to active, productive lives in their communities. "Medicare cuts like those raised by Senator Johnson in his letter would have a disproportionately negative impact on America's rural facilities, and would make finding and retaining highly-credentialed staff still more challenging in an already difficult environment. Sustaining rural facilities' quality improvement programs would be placed in direct jeopardy to the detriment of every resident."

Further analysis of previously-released CBO scoring data finds seniors in rural America would shoulder approximately 25 percent of the total five year, \$2.7 billion Medicare cuts – yet in states with higher rural populations, rural seniors and the nursing homes that serve them would bear disproportionately greater cuts. In particular, Medicare beneficiaries in rural areas requiring skilled nursing care would suffer significant reductions in daily benefits. The average per-day Medicare cut over five years for rural seniors in states with the highest concentration of rural nursing homes is as follows:

| <u>State</u> | <u>Percentage Rural</u> | <u>PPD Medicare Cut</u> |
|----------------------|--------------------------------|--------------------------------|
| Vermont | 74% | \$13.11 |
| Mississippi | 67% | \$10.74 |
| Idaho | 66% | \$12.28 |
| Montana | 60% | \$11.69 |
| North Dakota | 59% | \$10.55 |
| South Dakota | 59% | \$10.97 |
| Nebraska | 57% | \$11.58 |
| Iowa | 56% | \$11.28 |
| Arkansas | 55% | \$10.64 |
| Kentucky | 55% | \$11.16 |
| West Virginia | 50% | \$11.59 |
| New Mexico | 50% | \$11.94 |

Pointing to how Medicare cuts would negatively impact rural America's local economic base, Rosenbloom observed that nursing homes are often the largest local employer: "America's rural communities depend upon the strength and vitality of local skilled nursing facilities for jobs and economic development, and the negative ramifications resulting from federal Medicare cuts would quickly ripple through the local economic base from the standpoint of lost jobs, less hiring and marginally higher unemployment."

Rural data methodology note: The data used to compute the rural impact data was analyzed and compiled by the American Health Care Association's (AHCA)

Reimbursement and Research Department using CBO data from Preliminary CBO Estimate of the Effects on Direct Spending and Revenues of H.R. 3162, the Children's Health and Medicare Protection Act of 2007 as of July 25, 2007, and Medicare day distribution data from CMS Skilled Nursing Facility 100% claims data from 2005. The AHCA data was further analyzed by United Bio Source (UBS) to compile the PPD rural impact data.

###