



American Health Care Association

For Immediate Release:

May 29, 2009

AHCA Contact: Susan Feeney (202) 898-6333

Alliance Contact: Debra DeShong Reed (202) 528-4214

National Long Term Care Leaders Praise New Bipartisan Letter to HHS Sec. Sebelius Warning Proposed Medicare Cuts Will Cut Jobs, Threaten Seniors' Care

Bush-Era Regulation Will Cut Seniors' Funding \$7.2 Billion Over Five Years, Cost Over 30k Jobs

Washington, DC – The leaders of the American Health Care Association (AHCA) and Alliance for Quality Nursing Home Care today praised a new bipartisan effort from U.S. Reps. Shelley Berkley (D-NV), Earl Pomeroy (D-ND), and Shelley Moore Capito (R-WV) urging Health and Human Services (HHS) Secretary Kathleen Sebelius to reject a proposed Bush-era Medicare regulation the lawmakers say will slash Medicare Part A nursing home funding by \$1.05 billion in Fiscal Year 2010, \$7.23 billion over five years and \$18 billion over ten years. This loss of funding will cause the loss of over 30,000 jobs in the nation's skilled nursing sector. Over 150 Democratic and GOP House members opposed the rule last year and it was ultimately sidelined, the long term care leaders noted.

Says the Berkley/Pomeroy/Capito letter to HHS Sec. Sebelius:

"We are deeply concerned that access to high-quality skilled nursing care for America's seniors will be threatened if the Centers for Medicare and Medicaid Services (CMS) moves forward with an administrative proposal that will drastically cut Medicare funding for skilled nursing facility (SNF) care. This proposal will reduce reimbursements to SNFs by a projected \$7.23 billion over five years, rising sharply to \$18 billion over ten years. These cuts will result in the loss of at least 30,323 jobs in skilled nursing facilities around the country and diminish business activity by \$2.5 billion, further reducing federal, state and local tax revenue. On behalf of our nearly 2 million Medicare beneficiary constituents who receive care in SNFs annually, we urge the Department to reject the proposed rule and the resulting cuts to essential nursing and rehabilitative care.

"In 2005, CMS revised and expanded the Medicare patient classification system – called Resource Utilization Groups or RUGs – used to set Medicare Part A daily payment rates for seniors in SNFs. Unfortunately, CMS assumptions did not account for the increasing complexity of care provided to SNF patients. To address the agency's projection errors, CMS proposes to "recalibrate" the payment rates in order to "rebalance" the system. While this proposal may provide the agency with an easy administrative solution, such action will be harmful and shortsighted for Medicare beneficiaries and caregivers alike. More than 150 Members of Congress publicly opposed the proposal when it was first suggested by CMS last year.

"We are concerned the proposed rule recommends the development of a radically different patient classification system (RUG-IV) that would be implemented in FY 2011 – less than five years after the implementation of RUG-III – and allows only a limited 60-day comment period for reaction to complex changes. CMS should examine the overall RUG payment system and seek targeted changes aimed at properly incentivizing care, rather than the current proposal to institute drastic system changes and across-the-board cuts.

“Given the well-recognized underfunding of SNF care by the Medicaid program, it is important to examine federal reimbursements as a whole when making decisions with such potentially harmful consequences. Medicare and Medicaid are linked in the funding of long term care and overall federal support must be maintained at an adequate level to ensure that our most vulnerable citizens have access to high-quality post-acute care. On behalf of our many constituents in the more than 15,000 SNFs nationwide, we urge you to reject this proposed rule.”

Bruce Yarwood, President and CEO of AHCA, said, “While we will continue to work constructively with the Administration and Congress to help create good-paying jobs, stimulate badly-needed economic activity and reform health care comprehensively, we strongly oppose this Bush-era Medicare regulation that will cut good-paying health jobs, undermine economic stimulus initiatives, and threaten seniors’ access to care in local communities across the nation.”

Alan Rosenbloom, President of the Alliance for Quality Nursing Home Care, said the proposed CMS rule flatly contradicts the Administration’s central economic and health reform policy objectives: “At a time when the Administration is working proactively and cooperatively with national health leaders to control health costs, it is indisputable the proposed rule is counterproductive not just to creating new jobs, but to speeding the flow of post-acute patients into the lowest cost setting most appropriate to their needs.”

On a health policy level, Yarwood and Rosenbloom said that as the nature of America’s nursing home patient population continues to evolve, stakeholders should embrace efforts to facilitate nursing homes’ ability to care for higher-acuity, post-acute Medicare beneficiaries. SNFs, the long term care leaders point out, have invested heavily in recent years to increase capabilities to admit, treat and return to home a growing number of patients requiring intensive rehabilitative care, and care for patients with multiple chronic illnesses. In addition to cutting jobs and damaging already fragile local economies, implementing the proposed rule would inhibit continued sector investment in cost effective care – contrary to the Obama Administration’s stated health policy objectives, they said.

###