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**FOR IMMEDIATE RELEASE**

## NEWS

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### **PHCA: Prioritize the care of Pennsylvania's frailest and sickest elderly in state budget; reduce costs through lawsuit abuse reforms**

**HARRISBURG** --- Nursing homes provide vital around-the-clock medical care to Pennsylvania's most frail and elderly residents when they no longer can safely age at home. But because of chronic Medicaid shortfalls, nursing homes are very near their breaking point, said Stuart Shapiro, MD, President and CEO of the PA Health Care Association.

Dr. Shapiro called on state legislators to preserve Medicaid funding for the elderly as they negotiate the state budget during a taping of "Pennsylvania Newsmakers," a statewide public affairs program that begins airing this weekend.

Nursing home funding would be cut by \$50 million in state and federal funds in Governor Tom Corbett's proposed budget.

Roughly two-thirds of their 81,000 nursing home residents rely on Medicaid for their daily living needs, and the gap between the cost of care and what the state pays for that care is growing exponentially. Over the past four years, Pennsylvania nursing homes have been under-reimbursed by more than \$1 billion, including \$277 million last year alone. The dollars lost per day on each Medicaid resident in 2010 increased 9 percent, from \$13.88 to \$15.13 per day, or more than \$5,500 per resident per year.

Dr. Shapiro explained that nursing homes are different than other health-care providers because they cannot shift costs to compensate for Medicaid shortfalls.

Hospitals, doctors and other providers can make up for Medicaid losses by charging more through their larger revenue streams, mainly Medicare and private health insurance. Nursing homes cannot do that --- fewer than 14 percent of their residents are on Medicare, and fewer than 4 percent are on private insurance.

Dr. Shapiro also said that passing lawsuit abuse reforms would help to reduce costs for all Pennsylvania businesses, including nursing homes.

Pennsylvania is nationally regarded as having the most favorable legal climates for trial lawyers, which inhibits economic growth and drives up the cost of services and goods, including health care.

“Out-of-state law firms come to PA and prey on our hospitals, doctors, nursing homes and other businesses because they believe they can get rich quick. These lawyers don’t care about Pennsylvanians, our health, our goods or our economy. They only care about making money,” Dr. Shapiro said. “This hurts all taxpayers.”

For example, even though state Health Department data shows that the quality of nursing home care in Pennsylvania has been steadily increasing, nursing homes’ legal costs have not. The Medicaid per diem loss cost per bed in Pennsylvania has increased from \$1.70 in 2001 to \$2.58 in 2009, meaning that every day, citizens pay more than \$200,000 for legal costs for nursing homes.

“If we take a stand against lawsuit abuse, we not only would have a fairer system, but we would generate real savings and improve our health delivery system because doctors and nurses and caregivers could concentrate on providing care, not giving depositions in fishing expeditions by trial lawyers,” Dr. Shapiro said.

“Pennsylvania Newsmakers,” with host Dr. G. Terry Madonna, is one of the state’s premier politics and public policy television talk shows. The show will air regionally as indicated below:

- WGAL Channel 8 (Harrisburg and Lancaster) at 7:30 a.m. Sunday, March 27
- WBPH (Lehigh Valley and Philadelphia) at 8:30 p.m. Monday, March 28
- WKBS 47 (Altoona) at 11:30 a.m. Saturday, April 2
- WPCB 40 (Pittsburgh) at 11:30 a.m. Saturday, April 2.
- CATV Channel 8 at 7 p.m. Tuesday, March 29 and 1 p.m. Wednesday, March 30

PHCA and the Centers for Assisted Living Management (CALM) are a joint statewide advocacy organization for Pennsylvania’s most vulnerable older residents and their providers of care. Members comprise for-profit, nonprofit and government providers. Together, they represent more than 330 long-term care and senior service providers that care for more than 33,000 elderly and disabled individuals. For more information call 717-221-1800 or visit [www.phca.org](http://www.phca.org) or [www.calmpa.org](http://www.calmpa.org).