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January 3, 2012

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# NEWS

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## **MEDICARE CUTS, MEDICAID SHORTFALLS REDUCING ACCESS TO NURSING HOME CARE FOR COMMONWEALTH'S SICKEST, FRAILEST ELDERLY**

**HARRISBURG ---** Recent federal Medicare cuts coupled with continual state Medicaid shortfalls have pushed nursing homes to the brink and are forcing some of them to turn away Medicaid patients because they cannot afford to care for them, said Stuart Shapiro, MD, President and CEO of the PA Health Care Association/Center for Assisted Living Management (PHCA/CALM).

“Every Pennsylvanian who has an elderly loved one should be alarmed at what’s happening to Medicare and Medicaid because when their loved one needs quality long-term care, it may not be there for them,” Dr. Shapiro said. “The recent spate of Medicare cuts combined with chronic Medicaid shortfalls are forcing nursing homes to choose which patients they can afford to care for, and which they cannot,” Dr. Shapiro explained during a taping of “Pennsylvania Newsmakers,” a statewide public affairs program that begins airing this weekend.

For years, nursing homes have been paid less than the true cost of care for Medicaid residents, who comprise two-thirds of their population. Over the last four years alone, nursing homes were paid more than \$1 billion less for the care of Medicaid residents than what they were owed. The gap between the cost of care and what nursing homes are reimbursed for that care widened by 27 percent in 2011, from a shortfall of \$15.13 per resident per day to \$19.23 per resident per day. That’s a loss of more than \$7,000 per resident per year on two-thirds of their residents, Dr. Shapiro explained.

Revenues from Medicare are what have enabled nursing homes to continue to care for Medicaid patients. Medicare profits on short-term rehabilitation patients have countered Medicaid losses for long-term care residents.

With Medicare now under attack, the landscape has dramatically changed.

A new federal rule that took effect in October slashed Medicare funding to nursing homes by nearly \$200 million --- or 11.1 percent --- a year. Coupled with other provisions in the rule, nursing homes could see as much as an 18 percent – or nearly \$300 million – cut. These cuts add to the \$1 billion already being stripped from Pennsylvania nursing home care under Medicare to pay for many of the federal health care reform mandates contained in the Affordable Care Act.

Additionally, the failure of the super committee to trim \$1.2 trillion over 10 years in national debt triggers a 2 percent cut to Medicare providers starting in 2013. That's a \$500 million loss for Pennsylvania nursing homes.

"Medicare is under attack because it's been profitable for health care providers, but what federal policymakers ignore is that Medicare revenues have enabled providers like nursing homes to continue caring for those on Medicaid," Dr. Shapiro said. "Nursing homes already operate on the thinnest margins among all health care sectors. In fact, a new national study shows nursing home profit margins are less than 1 percent while pharmaceutical companies and medical device companies enjoy margins greater than 10 percent. Further cuts to nursing homes are only going to hurt the quality of care and the access to care."

Although all health-care providers, including hospitals and doctors, lose money caring for Medicaid patients, those venues can use other revenue sources to make up the difference. But nursing homes are different, with two-thirds of residents relying on Medicaid.

"Governor Tom Corbett has already made clear that Pennsylvania's frail elderly are a priority," Dr. Shapiro said. "He made sure they were safe and secure in the current budget. His next budget, which will be unveiled in February, will be an even tougher balancing act than before, but our most vulnerable residents need him now more than ever before, too."

Because of recent Medicare funding cuts, nursing homes across Pennsylvania have already cut staff, halted investments in technologies that could improve patient care, and halted renovations to improve aged buildings.

"The federal Medicare cuts are so severe that they already are limiting access to nursing home care, placing the quality of care at risk and jeopardizing thousands of health care jobs in the skilled nursing sector," he continued. "At the very time our boomers are reaching retirement age and starting to need care, we are dismantling our long-term care delivery system."

Dr. Shapiro called on U.S. Sen. Robert Casey and U.S. Rep. Allyson Schwartz, who will serve on the conference committee debating how to pay for the recently-extended payroll tax cut and the "doc fix" to put all of their fingers in the dike to prevent further cuts in nursing home Medicare funding.

"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, Jan. 1.
- WBPH (Lehigh Valley and Philadelphia) at 8:30 p.m. Monday, Jan. 2.
- WKBS 47 (Altoona) at 11:30 a.m. Saturday, Jan. 7.
- WPCB 40 (Pittsburgh) at 11:30 a.m. Saturday, Jan. 7.
- CATV Channel 8 at 7 p.m. Tuesday, Jan. 3 and 1 p.m. Wednesday, Jan. 4.

PHCA and CALM are statewide advocacy organizations 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).