



November 22, 2011

FOR IMMEDIATE RELEASE

NEWS

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Super Committee's Failure Means Another 2% in Medicare Cuts for Pennsylvania Nursing Homes

Cuts come on the heels of an 11.1 percent Medicare cut last month

HARRISBURG – The failure of the Super Committee to reach an agreement to trim \$1.2 trillion from the federal deficit will result in Pennsylvania's skilled nursing facilities suffering another 2 percent cut – approximately \$30 million – to their Medicare rates beginning in January 2013.

Nursing homes already sustained a nearly \$200 million – or 11.1 percent – cut in their annual Medicare payments last month under the new rule by the Centers for Medicare and Medicaid Services (CMS). That cut coupled with other provisions in the rule could result in Medicare rates being reduced by as much as 18 percent, or \$300 million.

Compounding these Medicare cuts, Medicaid payments to Pennsylvania's nursing homes are significantly less than the cost of care. Nursing homes are forced to absorb an average of \$19.23 per Medicaid resident per day, which translates into an average loss of \$7,000 per Medicaid resident per year. Two-thirds of all residents are on Medicaid.

A national survey released earlier this month revealed that nursing homes across the country – including those in Pennsylvania – are laying off direct care workers, freezing or reducing wages, changing benefit plans and delaying renovation and construction projects as a result of the reduced revenue.

“Every Pennsylvanian who has an elderly loved one should be concerned about the Medicare cuts and Medicaid shortfalls because it's impacting access to care, jeopardizing health care jobs and very soon could impact quality of care,” said Stuart H. Shapiro, MD, President and CEO of the Pennsylvania Health Care Association (PHCA). “Nursing homes over the past few years have reduced their costs to the point where there's nowhere left to trim without impacting the care and quality of life of those entrusted to their care.”

And, this is happening at the very time that Pennsylvania's elderly population is rising, as boomers reach retirement and begin to need short-term and long-term nursing home care.

“Continued cuts to Medicare and Medicaid, without real solutions to reducing the cost of health care, will collapse an already fragile continuum of care,” Shapiro said. “PHCA continues to work with elected officials, policymakers and health leaders to reform long-term care in Pennsylvania to achieve funding stability.”

PHCA and the Center for Assisted Living Management 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 or www.calmpa.org.

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