



FOR IMMEDIATE RELEASE

November 8, 2005

NEWS

Contact: Holly Lubart

(717) 221-7935

Key Medicare Provision in Federal Budget Reconciliation Bill Will Cost PA Nursing Homes \$35.5 Million, Jeopardize Improved Patient Care Quality Gains

Harrisburg, PA – The President and CEO of the Pennsylvania Health Care Association (PHCA), Alan G. Rosenbloom, said a proposal in the U.S. Congress to lower Medicare “bad debt” reimbursement for skilled nursing facilities (SNFs) from 100% to 70% will be considered in the U.S. House of Representatives’ budget reconciliation package this week – and if not amended, will cost the Commonwealth’s nursing homes \$35.5 million, as well as jeopardize ongoing improvements in the Pennsylvania’s nursing home patient care.

Rosenbloom said that based on a survey of PHCA’s members, “We estimate that 95% of Medicare bad debt is attributable to Pennsylvania’s Medicaid program not making any co-payments for dually eligible beneficiaries.” Accordingly, he said, there literally is nothing the 711 Pennsylvania nursing homes participating in Medicare can do to reduce the overwhelming majority of their bad debt claims.

“If the current proposal to reduce recognition of bad debt were implemented fully (i.e., once the transition to the 70% limit has been completed), the average Pennsylvania nursing home would lose \$50,000 per year in Medicare payments. For these 711 nursing homes, the aggregate annual loss would be \$35.5 million,” Rosenbloom said.

According to research recently published by the Lewin Group, each \$1 million spent on nursing home care in Pennsylvania generates 35 jobs. The bad debt proposal, therefore, threatens 1,250 jobs across the Commonwealth.

“More importantly, and particularly when added to the cumulative effect of other recent cuts in Medicare payment rates and Medicaid payment rates in Pennsylvania, these losses will threaten access to quality nursing home care for some of Pennsylvania’s oldest, frailest and most vulnerable citizens,” Rosenbloom concluded.

PHCA is a statewide membership services organization representing approximately 300 long-term care and senior service providers throughout the Commonwealth. Additional information about PHCA is available by calling 717-221-1800 or visiting www.phca.org.

#####