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**NEWS**

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**New Study: PA Takes Biggest Nationwide Medicaid Funding Hit From Bush Administration's Proposed Federal Budget**

*\$167 Million Medicaid Cut for PA Seniors' Nursing Home Care Even Larger Than California's; Shifts Bigger Budget Burden Back to Harrisburg*

**Harrisburg, PA** -- A new analysis of President George W. Bush's proposed FY 2007 federal budget jointly conducted by BDO Seidman and the American Health Care Association (AHCA) finds Pennsylvania's Medicaid-funded nursing home care would be cut by \$167 million unless modified, representing the highest reduction of all states analyzed. On a per patient, per day basis, the proposed federal Medicaid cut would amount to \$8.18, and would further hobble state efforts to provide for the essential care needs of the Commonwealth's frail, elderly and disabled residents.

"At a time when nursing homes throughout the state are dealing with higher costs and government funding that does not come close to paying for the actual cost of providing quality care, the Bush Administration's plan to reduce key Medicaid funding is bad public policy proposed at exactly the wrong time," warned Anne Wantz, interim CEO of the Pennsylvania Health Care Association (PHCA). "This is yet another example where the federal government's funding priorities conflict directly with its stated goal of helping us sustain our nursing home quality improvement initiatives, and it is essential for the entire federal delegation to urge the President to restore the Medicaid cuts."

In place since the 1980's, 33 states and the District of Columbia currently have approval from the Centers for Medicare and Medicaid Services (CMS) to assess a quality fee on state long term care providers, also characterized as a "provider tax," to generate additional federal revenue to help fund states' share of Medicaid program costs. States utilize this revenue to plug shortfalls and more adequately fund quality long term care services for seniors and persons with disabilities, especially as it relates to staffing and coping with the rapidly escalating costs of providing care.

Under current law, states may now assess up to 6% of the revenue from nursing home providers and use that to obtain increased federal Medicaid matching funds. The Administration's federal budget proposal limits the assessment to 3% -- representing a 50 percent cut in the states' ability to utilize this critical stopgap funding mechanism.

"Medicaid cuts like those proposed by the Bush Administration will exacerbate our nurse staffing crisis, and make continued access to quality nursing home care more difficult -- especially in rural Pennsylvania where there are fewer facilities and wider travel distances for seniors with little or no transportation options," Wantz continued. "The fact that Pennsylvania's Medicaid cut is the largest in the nation -- even greater than California's -- is noteworthy, and cause for alarm and action."

*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](http://www.phca.org).*

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