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NEWS

Contact: Holly Lubart

(717) 221-7935

PHCA CEO Urges Congress to Override Bush Administration's Annual Cut of \$167 Million in Federal Medicaid-Funded Nursing Home Care

PHCA President/CEO Joins National, State Long Term Care Leaders and Congressional Members at Capitol Hill News Conference to Fight Pending Medicaid Cuts; Warns PA Seniors to be Hardest Hit in Nation by Bush Cuts

Washington, DC –The President and CEO of the Pennsylvania Health Care Association (PHCA) joined national and state long term care leaders as well as Congressional members including Representative Allyson Schwartz (D-Montgomery, Philadelphia) at a Capitol Hill News conference this morning to denounce the Bush Administration's proposed \$167 million in annual cuts to Pennsylvania's Medicaid funded nursing home care. He said this week's lame duck legislative session is the last opportunity for Congress to cancel the Administration's plan to enact the cuts over the upcoming holiday season following adjournment.

“Senator Arlen Specter, Governor Ed Rendell and a majority of our congressional delegation have helped lead a strong, bipartisan effort throughout 2006 to stop the Bush Medicaid cuts -- but time is now of the essence, and we need a full court press this week to ensure the cuts are rejected, which are slated to hit the Commonwealth's seniors the hardest of any state in the nation,” warned Dr. Stuart H. Shapiro, M.D., President and CEO of PHCA. “We as long term care leaders are sending a strong, clear message to President Bush today that his planned Medicaid cuts are not just hard-hearted, but from a policy standpoint are unwise, unfair and unsound.”

Dr. Shapiro said implementation of the federal cuts, “would be tantamount to breaking a covenant with Pennsylvania seniors as well as our state government -- and undermine all of the hard work put into making Pennsylvania nursing homes the first-rate facilities they have become, and the first rate facilities they must continue to be. In addition, we are pleased Senator-elect Casey will help to join in this important fight to reject these Medicaid cuts.”

According to an analysis from the national accounting firm, BDO Seidman, the Bush Administration's proposed cuts will reduce Medicaid funding nationally by \$12.2 billion over five years. The study also shows Pennsylvania would be among the hardest hit state in the nation, suffering cuts of \$167 million annually or almost a billion dollars over five years accounting for inflation, and incurring a patient per day loss of \$8.18 in today's dollars on the Commonwealth's most vulnerable population of seniors and persons with disabilities residing in nursing homes.

Current federal rules allow states to implement up to a 6 percent ‘quality assessment fee’ on nursing homes to raise revenue to help pay the state share of Medicaid. Pennsylvania now assesses nursing homes close to the maximum rate of 6 percent, and the Bush Administration's plan would limit the assessment to just 3 percent – an immediate fifty percent cut in the Commonwealth's ability to utilize this vital supplemental revenue generator.

Representative Allyson Schwartz (D-PA) added, “The Bush Administration's proposal moves us in the wrong direction. At a time of increased growth in the senior population we should be doing more – and not less – to find a long-term, fiscally responsible solution to Medicaid funding to ensure that the needs of seniors are being met.”

“Cuts of this enormity pose a major threat at the facility level -- not just to staffing and care quality, but to the continued economic viability of skilled nursing facilities throughout the Commonwealth,” Dr. Shapiro continued. Senator Specter has made the point the cuts would go into effect without any congressional review, consideration or consent. “The magnitude and scope of such proposals are such that input from Congress, states, health care providers and patient groups are essential in order to avoid serious, unintended consequences,” warns Senator Specter in one of his letters to Secretary Leavitt.

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.

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