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## NEWS

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### **Pennsylvania would lose \$140 million – ranking seventh nationally in funding cuts – if proposed Medicare changes are enacted**

***PHCA asks Congressional leaders to vote against funding cuts affecting commonwealth's most elderly and frail residents***

**Harrisburg, PA** – A \$2.7 billion slash in Medicare payments for America's nursing homes would reduce funding to Pennsylvania facilities by \$140 million over five years, threatening the ability to continue to provide quality care to the commonwealth's sickest and frailest residents, said Dr. Stuart Shapiro, President and CEO of the Pennsylvania Health Care Association. The proposed cuts are part of the Children's Health and Medicare Protection Act of 2007 (CHAMP Act) now before Congress.

"We are calling on our Congressional leaders to oppose these cuts that would severely impact the long-term care needs of America's Greatest Generation," Dr. Shapiro said. "Nursing homes already are struggling to hire and retain staff to provide care for the commonwealth's most elderly, ill and disabled residents. With 77 million baby boomers are on the verge of retirement, now is not the time to cut Medicare funding for long-term care."

The U.S. House of Representatives' version of the CHAMP Act calls for reducing Medicare Part A payments by 2.7 billion over five years. **Pennsylvania would lose \$140 million during those years.\***

PHCA and its national association, the American Health Care Association (AHCA), support reauthorization of the federal Children's Health Insurance Plan, but cautioned legislators that cutting money to America's nursing home residents was not the right way to fund expanded health care for children.

"Both our children and our most at-risk seniors deserve quality health care, and expanding the budget for health care for children should not be placed on the backs of America's elderly," Dr. Shapiro said. PHCA is contacting all Pennsylvania federal legislators regarding this critical issue.

Both Dr. Shapiro and Bruce Yarwood, President and CEO of the AHCA, praised GOP members of the House Ways and Means Committee, particularly Rep. Phil English, for offering an amendment late last week that would have stopped the proposed Medicare Part A cuts and given skilled nursing facilities a fair market-based inflation adjustment as provided under current law. That amendment failed by a vote of 17-22 along party lines.

"On behalf of this nation's most vulnerable seniors and the more than 1.7 million caregivers nationwide dedicated to their health and well being, we thank Representative English for leading the charge to strike language in the pending *CHAMP Act* that would cut billions in critical funding for long term care. We also extend our appreciation to the other Republicans on the Ways and Means Committee for seeking to protect the

funding absolutely essential to delivering quality long term care for retirees today and in the decades ahead,” said Yarwood.

Nursing homes are dependent on government funding for their survival; the care for roughly 80 percent of their residents is funded through Medicaid and Medicare. In Pennsylvania, two out of three nursing home residents are Medicaid residents. For years, Medicaid reimbursements have not kept pace with the real cost of providing care. Nursing home costs increased 27 percent between 2001 and 2005, yet Medicaid reimbursements during that time increased only 18 percent. As a result, nursing homes have been struggling to hire and retain well-qualified caregivers in a competitive market. Medicare payments, which typically cover rehabilitative care, help nursing homes to bridge the gap.

“When Medicare funding for skilled nursing services is stable, quality of care and services improves. When Medicare funding is cut, our nation’s long term care infrastructure deteriorates – to the detriment of the Greatest Generation as well as future retirees,” Dr. Shapiro said.

PHCA members comprise for-profit, nonprofit and government providers. Overall, PHCA, along with its sister agency, the Center for Assisted Living Management (CALM), represents more than 300 long-term care and senior service providers that care for almost 60,000 elderly and disabled individuals across the state. Additional information about PHCA is available by calling 717-221-1800 or visiting [www.phca.org](http://www.phca.org).

*\*(The new CBO data was analyzed and compiled by AHCA’s Reimbursement and Research Department using data from Preliminary CBO Estimate of the Effects on Direct Spending and Revenues of H.R. 3162, the Children’s Health and Medicare Protection Act of 2007 as of July 25, 2007, and Medicare day distribution data from CMS Skilled Nursing Facility 100% claims data from 2005.)*

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