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New National Medicaid Study: Virginia Seniors' Care Underfunded by \$41M Annually

December 9, 2009 – A new Eljay, LLC analysis of the nation's Medicaid programs released by the American Health Care Association (AHCA) projects that Medicaid underfunds the actual cost of providing quality long term care in 2009 by \$41 million annually in Virginia. This amount is the equivalent of losing \$6.66 for every Medicaid sponsored resident every day.

“The wide gap between the cost of providing the quality care Virginia seniors deserve and what Medicaid actually pays – combined with the growing pressure on our state budget – represents a dangerous threat to our most vulnerable seniors' care needs,” warned Steve Morrisette of the Virginia Health Care Association. “Also at the federal level the administration and Congress are cutting Medicare reimbursement for long term care. This report is a stark and timely reminder that a strong Medicare funding component in a final health reform bill is a literal lifeline to protecting their most vulnerable elderly constituents.”

Medicare must prop-up the deteriorating Virginia Medicaid program in the wake of historically challenging state fiscal conditions. “The Medicaid reimbursement outlook for 2010 and 2011 is bleak – and is worse than any other year in the last seven in which this annual Report has been compiled due to unprecedented state budget deficits and expiration of federal stimulus funds at the end of 2010,” continues the Medicaid study analysis.

Medicaid pays for more than two-thirds of skilled nursing facility patient-days annually. Each state sets a daily care reimbursement rate ostensibly tied to the “allowable costs” of providing care in that state – costs such as 24-hour nursing care; three meals per day with important dietary supplements; other essential care services for grooming, personal care, bathing, and eating; medical, supplies such as beds and wheelchairs; social activities, and more in a number of states.

“Deep Medicare cuts in any final health reform bill and cuts in Medicaid by the Virginia General Assembly would ignore the fragile economic situation in which Virginia nursing homes operate,” Morrisette concluded. “A full seventy percent of facility costs are labor-related, and major disruption to facilities' economic stability caused by deep cuts will create a negative domino effect of significant caregiver job losses. Ultimately, seniors' care in facilities across the entire state will be placed in extreme jeopardy.”

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