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National Health Associations Praise House Energy and Commerce Committee for Beginning Medicaid Reform Debate *Care Providers Encourage Members of the Committee To Use Forum to Question Impact Bush Medicaid Proposal will have on Seniors and People with Disabilities*

Washington, DC – In conjunction with a hearing on Medicaid before the House Energy and Commerce Health Subcommittee, the American Health Care Association (AHCA) and the National Center for Assisted Living (NCAL) praised the Subcommittee for recognizing that the Medicaid program needs reform and initiating a much needed policy discussion on Medicaid reform, but warned the increased flexibility provided to states under the new Bush Administration modernization proposal cannot be a replacement for necessary longer term funding stability.

“There’s no question President Bush deserves credit for finally putting much-needed Medicaid reform on the table for debate, but this proposal raises concerns for long term care patients,” stated Charles H. Roadman II, MD, CNA, President and CEO of AHCA/NCAL. “Increased spending flexibility for our Governors cannot ever supersede or replace longer term funding stability for Medicaid.”

While few details have been released regarding the President's Medicaid modernization plan, AHCA/NCAL remain concerned about its specific impact on seniors and persons with disabilities who heavily rely upon the program for their essential long term care needs.

The associations noted that three essential elements of the program can be altered: eligible populations, benefits, and rates, and all three of these aspects of the program are impacted by this proposal. Many beneficiaries are eligible for Medicaid because they are in a federally specified “mandatory” group, but many more are receiving benefits because of programs states have created at their option and are, therefore, called “optional.” An initial review of the few details released shows that the proposal impacts as many as 90% of those citizens who receive their Medicaid eligibility as part of an “optional” group.

The Proposal also impacts changes to benefits as states are given flexibility to redefine their benefit package. AHCA and NCAL believe that rates will be impacted because the proposal is budget neutral. That is, funding for states is “front loaded” in this proposal and reduced in later years to render it budget neutral. This means that in later years of the proposal, states may be struggling to pay for more seniors, yet with reduced dollars. States already struggle to pay for long term care and currently pay some \$3.5 billion annually less than the cost of care according to a study by the accounting firm, BDO Seidman. Additionally, another aspect of the shortage in the out years of the proposal is that there will likely exist a different set of political players just when states are in another squeeze. Funding for long term care for this country’s seniors and people with disabilities must be based on patient and resident requirements, not political changes.

Under the President’s proposed reform plan, the funding stream for these optional beneficiaries would be separated from acute care and be dedicated solely for long term care and community-based care. While this could be beneficial by opening more choices of care settings for those relying on Medicaid to fund their care such as assisted living, Dr. Roadman observed, the dedicated funding stream may not be enough to fund retirees’ growing care needs throughout the entire ten years of the proposal.

“With the proposed enhanced flexibility for the states to redefine their benefits under the President’s proposal, providers have little assurance that long term care will be adequately funded,” continued Dr. Roadman. “This is especially troublesome since our states now face the worst collective fiscal crisis since World War II, the chronic under funding of Medicaid that already exists, and as Congress recently cut seniors’ long term care Medicare benefit by \$1.8 billion.”

The AHCA President and CEO expressed concern regarding the impact of the reform plan on persons with developmental disabilities. Many of these citizens, Dr. Roadman said, require the 24 hour care and monitoring of an Intermediate Care Facility for the Mentally Retarded (ICF/MR). “These vulnerable men and women receive their Medicaid eligibility as a ‘mandatory’ group, yet are utilizing a Medicaid optional service,” said Dr. Roadman. “We need to understand more fully what impact the President’s proposal will have on this highly vulnerable population.”

It is now past time for our nation to set a long term care strategy based on needs rather than subjecting the frail, elderly, and disabled to the whipsaw of budgetary arguments, Dr. Roadman concluded.

The American Health Care Association and the National Center for Assisted Living represent some 12,000 non-profit and for-profit nursing facilities, assisted living residences, subacute centers and homes for persons with mental retardation or developmental disabilities. Members of AHCA and NCAL are long term care providers who believe that the individuals they serve are entitled to a supportive environment in which professional and compassionate care is delivered in a safe and secure setting.

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