

## AHCA GRASSROOTS "CALL TO ACTION"

Dear AHCA Members:

# SAVE OUR SENIORS!

## Ask Congress to Stop Medicare Cuts to SNFs in Health Care Reform Bill

**We need your help TODAY!** Please join AHCA's SAVE OUR SENIORS grassroots campaign to educate Congress about the impact of the \$32 billion cuts to skilled nursing facilities included in HR 3200, America's Affordable Health Choices Act of 2009. These cuts are in addition to the \$12 billion worth of cuts to Medicare recently imposed by the Administration's CMS SNF PPS final rule.


The combined effect of these deep cuts puts the quality care that our patients deserve at serious risk. We estimate that cuts of this magnitude could jeopardize 50,000 jobs nationwide in 2010 alone.

Again, please ask your Members of Congress to stop proposals that further cut nursing home care. This is our opportunity to educate Congress on the impact cuts of this magnitude will have on patients and health care providers.

Sincerely,



Rick Miller  
Chair, AHCA



Bruce Yarwood  
President & CEO, AHCA

# What Can You Do To Help?

1. **Send a Letter to your Senators and U.S. Representative today by going to the AHCA Web site: [ahca.org](http://ahca.org), and visit our Advocacy Page.** Then enter your zip code and select the "Save Our Seniors" action alert.
2. **Call your Senators and U.S. Representative today!** We've provided office phone numbers and phone scripts on our Web page. Visit our Advocacy Page and enter your zip code.
3. **Attend a Town Hall Meeting.** To view a list of Town Hall Meetings occurring in your community, go to AHCA's Advocacy Page and click the "Save Our Seniors" logo to access the Town Hall resources. (Members-only section, requires username and password.) Note: All Town Halls subject to change and are updated regularly on our Web site.
4. **Set up in-state/district meetings with your Senators and Representative or their staff.** Visit AHCA's Advocacy Page, and under the "Additional Advocacy Resources," click "Meet with Members during Recess" to learn how to schedule a meeting.
5. **Invite your Senators and Representative to visit your facility during August recess or anytime this fall.** Visit AHCA's Advocacy Page, and under "Additional Advocacy Resources," click on "Guide for Facility Tours for Elected Officials" for all information about hosting a tour.

## Medicare Cuts To Skilled Nursing Facilities

State	10-Year Medicare Cuts	State	10-Year Medicare Cuts	State	10-Year Medicare Cuts
Alabama	644,690,706	Louisiana	561,742,549	Oklahoma	393,459,735
Alaska	11,768,916	Maine	252,313,128	Oregon	271,706,052
Arizona	367,100,042	Maryland	954,469,228	Pennsylvania	2,086,687,880
Arkansas	370,363,928	Massachusetts	1,580,978,224	Rhode Island	165,993,771
California	3,780,214,763	Michigan	1,498,683,105	South Carolina	584,388,587
Colorado	451,370,867	Minnesota	653,719,557	South Dakota	100,497,555
Connecticut	1,057,727,484	Mississippi	430,972,145	Tennessee	1,046,819,800
Delaware	135,479,896	Missouri	981,296,425	Texas	2,711,008,132
District of Columbia	48,916,712	Montana	104,901,964	Utah	217,605,334
Florida	3,485,544,812	Nebraska	283,101,076	Vermont	94,979,965
Georgia	836,365,194	Nevada	185,943,215	Virginia	1,057,830,660
Hawaii	58,539,163	New Hampshire	237,615,536	Washington	752,868,120
Idaho	158,893,477	New Jersey	2,020,769,347	West Virginia	272,313,956
Illinois	2,435,554,036	New Mexico	130,201,489	Wisconsin	928,504,699
Indiana	1,345,946,754	New York	2,877,279,960	Wyoming	59,775,761
Iowa	348,677,401	North Carolina	1,251,420,720	United States	44,000,000,000
Kansas	373,921,688	North Dakota	75,393,179		
Kentucky	708,407,923	Ohio	2,555,275,166		

Source: AHCA Research Department

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# AHCA Launches Grassroots Campaign

## Providers Challenge Proposed Medicare Cuts In House, Senate Bills

**A**HCA is calling on its grassroots membership to help drive home the message to lawmakers that reliance on radical reductions in nursing facility reimbursement to finance health care reform would force severe job cuts, threaten quality improvement gains, and cripple providers' ability to meet the nation's growing long term care needs.

The massive grassroots initiative, launched during the August congressional recess when members are in their home districts, has been dubbed Save Our Seniors (SOS). The outreach campaign is aimed at averting a devastating round of payment reductions that is being considered as part of health care reform legislation on Capitol Hill.

AHCA members are being urged to convey to their representatives support for the goals of health reform, but with a warning of the impact that deep cuts would have on local

economies and employment and on the frail seniors and family members who rely on nursing facility care.

Lawmakers entered the month-long recess without having passed a reform measure in either the full House of Representatives or Senate. However, a House bill—the Affordable Health

Choices Act (HR 3200), which has cleared three key committees—would cut an estimated \$44 billion from nursing facility payments over 10 years.

The total includes a \$12 billion reduction imposed by the Centers for Medicare & Medicaid Services (CMS) as part of its final rule for fiscal year 2010 skilled nursing facility (SNF) payments. The reduction will be generated by recalibrating SNF payments, a move the agency says is needed to offset a projection error that occurred when CMS created

new high-acuity resource utilization groups (RUGs) in 2005. The cuts, which take effect Oct. 1, were finalized despite protests from providers and bipartisan pressure from more than 160 lawmakers on Capitol Hill. The rule “casts a new light on how we are looking at the additional nursing home cuts that Congress is proposing to help pay for health care reform,” said Bruce Yarwood, president and chief executive officer (CEO) of AHCA.

*“The CMS cuts, which take effect Oct. 1, were finalized despite ongoing protests from providers, 37 pages of formal comments and objections submitted to CMS from AHCA, and bipartisan pressure to abandon the projection error cut from more than 160 lawmakers on Capitol Hill.”*

—Bruce Yarwood, AHCA president and CEO

### U.S. Medicare Cuts To Skilled Nursing Facility Care

Medicare cuts over 10 years—national		
\$44 billion		
Economic impact—year 1		
Reduction in business activity	Reduction in labor income	Jobs at risk
\$5.0 billion	\$2.2 billion	59,345

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continued on page 2

# House Reform Bill Poses Threats

The America's Affordable Health Choices Act (HR 3200), introduced in the House July 14, had passed several key committees prior to the August recess.

While the legislation would strike a withering blow to Medicare funding for nursing facilities, the Ways and Means Committee mark-up produced a bright spot, when Rep. Ginny Brown-Waite (R-Fla.) offered, then withdrew, an amendment that would have curtailed the cuts to nursing facilities.

AHCA was pleased that Brown-Waite's efforts "secured an agreement" between Rep. Pete Stark (D-Calif.), chairman of the health subcommittee, and Rep. Charles Rangel (D-N.Y.), chairman of the full committee, to "work together to address the concerns of the nursing home community," AHCA said.

The bill is expected to be brought to the House floor in early September.

Provisions of the House bill affecting long term care include:

- Elimination of the SNF market basket update implemented on Oct. 1, 2009, from Jan. 1, 2010, through Sept. 30, 2010. The SNF market basket index will be further reduced by increases in a productivity factor from fiscal year 2010 through 2019.

- Recalibration of SNF payments to offset projection errors made by the Centers for Medicare & Medicaid Services (CMS) in 2005, during the transition to new resource utilization groups.

- Payment increase of 10 percent for non-therapy ancillary services, and a lowering of the therapy case mix of such rates by 5.5 percent as of Jan. 1, 2010, until the Health and Human Services (HHS) secretary implements an alternative case mix classification system.

- Possible reduction in SNF payments for individuals who are readmitted to the hospital by a post-acute provider within 30 days of an initial discharge.

- Post-acute bundling study and pilot project must be undertaken by the HHS secretary.

- Therapy cap exceptions process extended until the end of 2011.

- Elimination of the Part D cost-sharing for dual-eligible individuals receiving services through a home- and community-based waiver, who would otherwise be receiving care in a nursing facility or hospital.

- Required Government Accountability Office study of CMS' Five Star rating program. ❀

*Grassroots, continued from page 1*

"The magnitude of the cumulative cuts" would be "especially damaging" at a time when a growing number of states are freezing or cutting Medicaid funding for nursing facility care. "In a bad economy, this is a poor decision at best," Yarwood said.

The House reform proposal would compound the \$12 billion recalibration cut with an additional \$32 billion in SNF payment reductions over 10 years, from reducing the market basket update, making productivity adjustments, and other provider cuts, the Congressional Budget Office says.

AHCA has calculated that the House reform proposal would, in the first year alone, put nearly 60,000 jobs at risk, reduce labor income by \$2.2 billion, and have a negative ripple effect on economic activity of nearly \$5 billion nationwide.

To combat these scenarios, AHCA has developed a variety of SOS materials and resources for members to use in grassroots activities. These include a series of critical questions and statements that can be raised at town hall meetings and other forums with lawmakers; a detailed description of the impact that the House-proposed cuts would have on nursing facilities and the disproportionate burden imposed on them; a sample letter that can be used to request a meeting with a representative; talking points to help drive discussions with members of Congress and their staff; a series of frequently asked questions and responses to help providers address issues of concern to the public, policy makers, and the media; and a suggested phone script that can be used with members of Congress or their staff.

"Our mission for the next few weeks is to explain in a tangible, informative, constructive way why it is essential for Congress, upon its return in September, to recalibrate its budgetary assumptions and options commensurate with the steep Medicare funding cut that has now just gone into effect," says an AHCA Action Alert.

All of these SOS materials are posted on the AHCA Web site, at [www.ahca.org](http://www.ahca.org). ❀

## AHCA Tool Calculates Impact Of Final Rule

AHCA is providing members Web site access to a "Medicare Calculator" that allows facilities to estimate the impact of the final CMS Medicare SNF payment rule and the provisions of the House reform bill, America's Affordable Health Choices Act (HR 3200). For comparison, the Medicare rates that would have been paid absent any of these changes are also provided.

The information will enable members to forecast these effects for their own planning purposes and help them describe to lawmakers specifically how the cuts will affect their ability to provide care.

AHCA's SOS Talking Points document gives the example of a facility caring for 100 residents, including 14 Medicare beneficiaries. For this provider, the Medicare final rule will translate to a cut of \$15.88 per Medicare patient day, or about \$81,150 per year.

If the current House bill becomes law, the combined impact of those cuts with the final rule would result in a reduction of \$31.09 per Medicare patient day, or \$158,870 per year.

The Medicare Calculator can be found in the Research section of the AHCA Web site, under "Funding." ❀

# AHCA To Congress: Medicare Cuts Put Unfair Burden On LTC; Will Impact Quality, Economy, Jobs

The grassroots materials developed by AHCA for use by its members in the Medicare campaign underscore the lack of fairness in the level of nursing facility cuts proposed in the House reform bill and the extensive damage that would result from them. The documents present rationales for rejecting the cuts, along with supporting data.

Each year, the nation's 16,000 nursing facilities provide care to 3.2 million seniors and people with disabilities, employ nearly 1.5 million staff, and contribute 1.1 percent of the U.S. gross domestic product, says an SOS document entitled "Reduce Disproportionate & Unsustainable Medicare Cuts to Skilled Nursing Care: Prevent the Loss of More Than 50,000 Jobs."

While long term care providers "are willing to absorb a fair amount of funding cuts" to achieve meaningful health reform, the House bill "levies an unreasonable and excessive amount of cuts to the long term care sector, which has been made more vulnerable due to recent cuts by the administration and states that are struggling to meet their Medicaid budgets," the document says.

Nursing facilities already face a \$12 billion cut from the CMS final rule, AHCA says. To compound that with an additional \$32 billion over the next 10 years would result in combined cuts that are "too deep to sustain and risk significant job loss and, most importantly, would negatively impact quality care" for residents, the statement says.

The SNF cuts in HR 3200 represent 9.47 percent of nursing facility revenue. By comparison, hospitals are expected to shoulder a much lower burden,

equivalent to 6.56 percent of their revenue, while cuts to pharmaceuticals amount to 5.01 percent of revenue, AHCA says. Furthermore, hospitals would benefit from the legislation, as universal coverage would significantly reduce their losses from uninsured patients. Nursing facilities would

realize no such offsets to the blow they would sustain to their Medicare revenue.

Massive cuts are being proposed for this sector, even though SNFs "operate with the smallest overall margin among health care providers," in the range of 1 percent to 2 percent, AHCA says. ❁

## AHCA Numbers Tell the Story

In addition to developing narrative resources to help providers communicate with lawmakers and the media, AHCA's research team has used the IMPLAN economic projection model to drill deeply into the House-proposed SNF Medicare cuts to calculate the dollar loss over 10 years for every congressional district in the country, as well as the number of at-risk jobs, labor income, and business activity impact in each district during the first year.

The data are organized by state and include statewide totals for each category. Making this data available at

the state and district level gives AHCA members a powerful tool as they appeal to lawmakers to prevent this depth of devastation to their Medicare income.

In Alabama, for example, the state faces a total Medicare revenue loss of \$644.7 million over 10 years, with 793 jobs at risk in the first year, lost labor income of \$23.5 million, and lost economic activity of \$47.9 million.

While that is a staggering loss for a state of this size and population, the numbers in a sampling of larger, more populous states are proportionately more dramatic (see chart).

State	Medicare Cut Over 10 yrs.	Reduced Business Activity (First Year)	Reduced Labor Income (First Year)	Jobs At Risk (First Year)
California	\$3.8 billion	\$305,289,280	\$151,762,526	4,012
Florida	\$3.5 billion	\$269,566,356	\$134,400,083	3,997
New Jersey	\$2.0 billion	\$156,227,046	\$79,905,668	1,975
New York	\$2.9 billion	\$221,934,161	\$115,405,658	2,750
Pennsylvania	\$2.1 billion	\$171,985,578	\$83,872,236	2,341
Texas	\$2.7 billion	\$215,370,891	\$103,684,893	3,269
Virginia	\$1.1 billion	\$80,206,507	\$40,049,872	1,174
<b>Total U.S.</b>	<b>\$44 billion</b>	<b>\$4,968,353,812</b>	<b>\$2,157,032,938</b>	<b>59,345</b>

Source: AHCA Research Department, from IMPLAN model, 2007 data

State affiliates and individual providers can find information for their states on the AHCA Web site, in the "Research and Data" section under "Funding."

# States Pull Out All The Stops On Advocacy Initiatives

**A** HCA state affiliates around the country are working tirelessly with their membership to get the message to lawmakers about the perils of slashing SNF Medicare funds to finance health care reform.

In Pennsylvania, “nursing facilities depend on Medicare for their existence,” says Stuart Shapiro, MD, president and chief executive officer of the Pennsylvania Health Care Association (PHCA). “Given the substantial underpayment for

care by Medicaid, the only thing that is maintaining quality care in Pennsylvania is Medicare dollars.”

Pennsylvania nursing facilities lose nearly \$14 per patient day on Medicaid, according to the 2008 shortfall report by Eljay LLC. Shapiro warns that Medicare cuts of the magnitude envisioned in the House bill—\$44 billion over 10 years nationwide, and \$2.1 billion in Pennsylvania alone—would dramatically compromise access to care for the elderly, as nursing

facilities faced a tragic choice to “reduce Medicaid or go out of business.”

PHCA and its members “are doing everything that is humanly possible to oppose the cuts,” Shapiro says. Throughout the month of August and beyond, “We will be doing facility tours, we will be meeting with members in their offices, attending town meetings, writing op eds, making phone calls.”

Michael Jacobs, PHCA’s director of advocacy and legislative affairs, says the association—which is also working feverishly to preserve Medicaid funding in the midst of a brutal state budget crisis—is deploying a wide range of advocacy resources, tools, and activities that have proven successful in engaging the media and educating lawmakers.

“Our members are fully engaged in the issue,” Jacobs says. “They understand the importance and severity of the cuts that have been proposed.”

A unique component of PHCA’s overall advocacy is a new interactive Web site that contains videotaped interviews with residents and family members who talk about quality of life in a nursing facility. The interviews were strung together into a short video that was sent to legislators to give them a personal, life-affirming view of nursing facilities, which is different from the image that is so often conveyed by the media, says Alison Everett, PHCA’s communications director.

The Web site, [www.paforqualitycare.org](http://www.paforqualitycare.org), was launched by PHCA in June as a venue for residents, family, and staff to tell their story and join the advocacy effort by communicating with elected officials and the media. Offerings on the Web site include a local television news story about a popular certified nurse assistant/hip hop artist, Omar Cain, who raps about his work—to the delight of residents—with lyrics such as, “Our staff cares a lot and takes pride in our residence. Be proud, sing it loud, straight forward with no hesitance.” ❀

## Exec Reaches Media At All Levels

**P**HCA’s Stuart Shapiro is personally reaching out to local, state, and national media. In August, he conducted a conference call on health reform with Pennsylvania reporters, many from small newspapers, to describe the effects that Medicare cuts would have on jobs and access to care in local communities.

“The key to engaging reporters in our state is getting them to understand the impact on the local economy, residents, and families,” says Alison Everett, PHCA’s communications director. “That’s how we approach it—locally.”

On July 16, the *Philadelphia Inquirer*, a statewide newspaper with a national reputation, ran an op-ed written by Shapiro, entitled “Don’t Rob the Elderly to Pay for Healthcare Reform.” The piece also appeared the same day on the *Huffington Post*, a prominent online political blog, which has run several of Shapiro’s op-eds this year.

In the piece, Shapiro described himself as “one of the many early toilers” for health care reform, referring to his work in the 1970s as a staffer for Sen. Edward Kennedy (D-Mass.), a longtime champion for reform.

Shapiro applauded President Obama for tackling the issue, but wrote that some of the proposed financing

mechanisms would “leave millions of older Americans without quality long term care.”

The timing for long term care cuts could not be worse, the op-ed said. The nation’s population is aging rapidly, the economic crisis is adding more people to the rolls of public programs, and rising unemployment has depleted the workforce available to support those programs through payroll taxes. Shapiro called plans to divert long term care funding to pay for health care reform “an old fashioned shell game from Washington.”

There is “no simple or single solution,” he wrote. “But there is a wrong way, and taking money from the care for American seniors is deeply flawed.” ❀



# N.J. Draws Staff, Family Into Effort

The Health Care Association of New Jersey (HCANJ) is reaching out to member facility staff and families for help in the effort to turn lawmakers against proposals to target nursing facilities with devastating Medicare cuts in the name of health care reform.

HCANJ has sent letter-writing packets to its members and is calling each one with instructions. The packets have 50 copies of two different letters, one for families and one for staff. Some facilities are getting letters addressed to Rep.

Bill Pascrell (D-N.J.), a member of the House Ways and Means health subcommittee, while others are

being sent to Rep. Frank Pallone Jr. (D-N.J.), chairman of the Energy and Commerce health subcommittee. Both of these committees have passed the House health care reform bill with \$44 billion in SNF Medicare cuts. A statewide letter-writing campaign is

jurisdiction over health care. HCANJ President Paul Langevin says the key players in the New Jersey delegation have spent a lot of time in nursing facilities and are familiar with them, so the organization decided to focus on personal correspondence from

families and staff of facilities. The state's hospital association and the affiliate of the American Association of Homes and Services for the Aging are using the same letter packet for their members. The three organizations frequently work

cooperatively on issues involving Medicaid financing.

continued on page 7

## quote of the month

*‘If each nursing home administrator and state long term care association became politically engaged and organized, providers should be able to significantly elevate the level of attention given to long term care issues.’*

*—Former Senate Majority Leader Tom Daschle (D-S.D.), speaking at a recent health care reform summit sponsored by Medline Industries.*

also being directed to Sen. Robert Menendez (D-N.J.), who serves on the Senate Finance Committee, which has

## 2010 Call for Presentations

Begins September 7, 2009 | Ends November 30, 2009  
All submissions must be received by November 30, 2009.

The American Health Care Association and National Center for Assisted Living are seeking presentations from professionals in long term care. Presentations should focus on practical applications, insights, success stories, and inspiring ideas that you can share with your colleagues through Professional Development Seminars at our 2010 Convention and Expo. We are looking to showcase the best and the brightest minds in the long term care profession.

You are invited to submit a seminar proposal for consideration. Submission details can be found on our convention website: [www.ahcaconvention.org](http://www.ahcaconvention.org). Don't miss this opportunity to share your expertise with other professionals.

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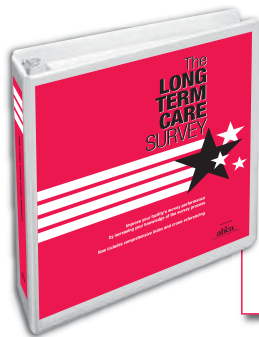


Submissions should be submitted electronically beginning September 7, 2009 to [www.ahcaconvention.org](http://www.ahcaconvention.org).

# The American Health Care Association's Long Term Care Survey Manual

The first, most preferred and widely-used survey reference for more than a decade.

The NEW September 2009 edition of AHCA's *Long Term Care Survey* contains two sets of changes. The first set was issued in April 2009 and concerns changes in guidance in Appendix PP for **Quality of Life and Environment** issues. These changes became effective in June. These quality of life and environment issues are scattered throughout Appendix PP in many different F-tags. An additional change was the deletion of F255, closets; the information was moved to F461. The second set of changes becomes effective September 30. This combines F-tags 441, 442, 443, 444, and 445 into one, F441, **Infection Control**. The September edition includes more than 40 pages of new guidance in F441.



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New Jersey, continued from page 5

“A lot of sincere letters hand-signed by people and delivered to the district office” send an important message, says Langevin. In New Jersey, where nursing facilities lose \$23 per patient day on Medicaid, revenue from Medicare is key to survival, Langevin says. Medicaid rates were frozen this year, which has been the worst Langevin has seen in more than 30 years. Next year is expected to be at least as bad, he says.

At the heart of the letters is the fairness issue. Unlike hospitals, physicians, and other providers, nursing facilities will derive no benefit from health reform in terms of coverage for new benefits or populations, Langevin says. Yet, providers are contributing proportionately more than any other sector to finance the cost of reform.

*“Unlike other providers, nursing facilities will derive no benefit from health reform in terms of coverage for new benefits or populations.”*

—NJHCA President Paul Langevin

“As someone who has a loved one who calls a New Jersey nursing facility home, I am writing to urge you to consider the damage these cuts will do to our long term care system and, ultimately, to the patients cared for within it,” says the letter composed for family member signatures.

“While physicians and drug companies will benefit from the health care reform being considered, there is nothing in the formula to benefit the nursing facilities that our aged and fragile residents depend upon.”

The letter urges Reps. Pallone and Pascrell to “either work to include nursing facilities in reform or take them out of the mix entirely. Please do not promote a reform package that is funded on the backs of our elderly.” ❀

## Facility Tours Key To Giving Legislators Direct Experience Of Long Term Care

**O**f all the Medicare-related grassroots activities undertaken by AHCA and its membership, facility tours are the best way for providers to ensure that lawmakers “see first hand exactly what services are being provided,” says Rich Miller, AHCA’s multifacility membership liaison.

“Everybody thinks they know what a nursing home is and what goes on,” but it requires the direct experience of visiting a facility to understand that it is a place where, in addition to the provision of clinical services, there is a pervasive sense of “family, community, caring, and concern,” says Miller, who gave a grassroots presentation to nearly 40 state executives at a recent meeting.

The Evangelical Lutheran Good Samaritan Society understands the importance of bringing legislators into facilities and has been planning a spate of visits, with particular focus on Senate Finance Committee members, since early July, says Jeff Stingley, director of public affairs.

Good Samaritan operates over 240 facilities and communities in 23 states. About half the membership of the Senate Finance Committee are from states in which the organization has operations, Stingley says. Good Samaritan has worked closely with administrators to extend nearly 40 invitations for facility tours and events.

By the second week in August, at least 16 lawmakers or their staff members had agreed to a facility visit. Sen. Kent Conrad (D-N.D.), for example, was scheduled for three visits throughout North Dakota on consecutive days. At each location Conrad, who chairs the Senate Budget Committee and serves on the Senate Finance Committee, was to be the center of mini town-hall meetings,

fielding questions and listening to the long term care perspective on health reform, from panels comprised of the facility leaders.

The program included audience members invited from the community, as well as some staff, residents, and family members from Good Samaritan. David Horazdovfky, president and chief executive officer of Good Samaritan, was also scheduled on one of the programs to introduce Conrad.

Administrators and event leaders will take the opportunity to discuss how much would be lost at the state level, showcase rehabilitation services that would be severely impacted, and describe the facility’s fiscal status and how it would change with the cuts.

“I would venture a guess that very few [lawmakers] have any idea that rehabilitation services would be cut,” meaning that more patients will end up returning to the hospital at a higher cost, Stingley says.

When lawmakers return to Washington after the August recess, Good Samaritan will follow up with those who declined a facility tour by sending a note of regret and attaching materials on the impact of the House bill in that particular state. State-specific data and materials generated by AHCA have been “phenomenal” aids in this process, Stingley says. ❀



Rep. Herseth Sandlin (D-S.D.) chats with residents of Good Samaritan Society-Sioux Falls Village, Sioux Falls, S.D., during a tour the society organized in August.

# Ground Level: An Independent Owner's View Of Medicare Cuts

**I**t comes down to this: Nursing facility operators “depend on Medicare to make us whole or even in terms of our business,” says Angelo Rotella, AHCA immediate past chair and independent owner of two facilities in Rhode Island.

“We don’t operate a Medicare business, or a Medicaid business, or a VA business. We don’t operate a hospice. We operate a nursing home, and it’s an entire business.”

Rotella explains that in a grocery

store, a \$1.75 gallon of milk is a “loss leader,” and the store must sell other items that are profitable to compensate. In nursing facilities, “Medicare is the only profit line we have,” he says. “It’s not major in terms of numbers,” but it is crucial to the whole of the business, because for a small segment of residents, the profit “makes up for big deficits we face in all other areas.”

Nationwide, the Medicaid shortfall was \$4.2 billion last year, according to the annual Eljay LLC report that

tracks the funding deficit. Rhode Island facilities lose \$12.19 per Medicaid patient day, the 2008 report found.

As a result, when Medicare is cut, it “seriously jeopardizes quality of care for all patients in the nursing home,” Rotella says.

So many facility costs—mortgage, utilities, insurance—are fixed and cannot be adjusted when reimbursement declines, Rotella says.

More than two-thirds, or 70 percent, of nursing facility costs are labor-related. In addition to being the largest expense, it is one of the few areas where providers have some discretion; but “when you cut staffing, you cut care, and that’s a bad place for us to be,” says Rotella, owner of Berkshire Place Nursing and Rehabilitation in Providence and Friendly Home in suburban Woonsocket, which together employ about 400 staff and care for nearly 300 residents.

“We are responsible for care no matter what we are paid. It’s not an excuse,” Rotella says. Yet, the numbers being considered for Medicare cuts—\$12 billion that is already finalized in the 2010 payment rule from CMS and an additional \$32 billion proposed in the House reform bill—are “staggering,” he adds. “It’s billions of dollars over 10 years. That is very difficult to absorb when we have low margins to begin with.”

In Rhode Island, which according to the Bureau of Labor Statistics has a 12.4 percent unemployment rate, second only to Michigan, the issue of Medicare cuts is a jobs issue, Rotella says. “We don’t want more people out of work, but that’s what cuts in nursing homes specifically will cause. I don’t want that. The only reason we will lose jobs is that we can’t afford to pay for them.”

The state has a tradition of being in the uppermost tier of quality measures, he adds. “We’re jeopardizing that, because whenever you take away people, you take away quality.” ❀

## Coalitions Join Grassroots Campaign

**T**wo long term care coalitions have joined the grassroots effort to prevent the Medicare cuts in the House health care reform bill from becoming a reality.

The Community Cares Coalition (CoCares) is rallying to the cause.

“Drastic funding cuts on top of an administrative measure that

slashes [\$12 billion] makes sustaining a healthy long term care sector challenging at best,” said Doug Burr, vice president of financing, reimbursement, and

government relations for Health Care Navigator, a company in White Plains, N.Y., that provides support to skilled nursing facilities, hospices, therapy, and home health providers in nine states. “These cuts are being levied even though SNFs operate with the smallest overall total margins among all health care providers,” Burr said in an Aug. 3 statement. “The low total margins at SNFs are caused in large part by

Medicaid not covering the cost of care.”

The Coalition to Protect Senior Care (CPSC) brings together several organizations representing certified nurse assistants, nurses, therapists, and other providers.

“CPSC is and will remain a strong supporter of broad-based health

reform,” said Lisa Cantrell, co-founder of the National Association of Health Care Assistants and Caregivers and spokesperson for CPSC.

“But we urgently need

the Obama administration and congressional leaders to act upon the fact that our workforce and seniors under our care are facing disproportionate and potentially disastrous funding cuts that will devastate and destabilize the long term care sector for years to come.”

CPSC plans to hold several facility tours, press briefings, or other activities this month in New Mexico, Pennsylvania, and Wyoming.



# SAMPLE LETTER TO MEMBERS OF CONGRESS

## Dear Member of Congress:

While I support health care reform to expand coverage, improve quality, and manage costs, I have serious concerns about the devastating impact that Medicare cuts will have on Skilled Nursing Facilities (SNFs). SNFs care for 1.5 million Americans each day and employ 1.7 million people across the country. Any cuts in Medicare payments to SNFs would be accompanied by the recently imposed cuts of \$12 billion from the Obama Administration.

**As you know, Medicare funding is critical** to SNFs because it props up inadequate Medicaid payments. Studies demonstrate that state Medicaid programs pay \$4 billion a year less than the cost of care. This gap has grown despite additional Medicaid funding in the stimulus package, since many states continued to cut or freeze nursing home payments anyway. Eighty percent of the patients and residents in SNFs rely on Medicare and Medicaid to pay for the long term care services they need.

**It is also important to note** that 70 percent of the operating costs of nursing home care are labor related. I worry that the deep cuts being talked about in Washington, D.C., would force reductions in jobs and negatively impact quality care in our community. In addition, any cuts will disproportionately affect women and minorities, who represent substantial percentages of the direct care workforce – 95 percent of whom are women and 30 percent minorities.

**I urge you to help protect our seniors** and the caregivers who provide services to the frail and elderly every day. Please oppose any Medicare cuts to skilled nursing facilities in any health care reform plan.

I appreciate your consideration of my views, and I look forward to receiving your response. Thank you.

# WHAT'S AT STAKE...

## ...if the current health reform bill passes?

**T**he short-term vitality of the skilled nursing community is in jeopardy, and its long-term viability is at significant risk if the America's Affordable Health Choices Act of 2009, as currently written in the House of Representatives, becomes law. For example, our estimates show the likely impact to be:

- Average payment reduction of \$31.09 per Medicare patient, per day;
- Average payment reduction of \$158,870 per facility, per year;
- Over 50,000 fewer jobs;
- Over \$2 billion in lost wages and income; and
- Almost \$5 billion in lost overall business activity.

**In this uncertain economic climate, Congress should not be recommending cuts of this severity. Speak out now!**