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United States Senate

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Majority Leader Harry Reid
528 Hart Senate Office Building
Washington DC 2005

Chairman Max Baucus
511 Senate Hart Building
Washington DC 20005

Dear Leader Reid and Chairman Baucus:

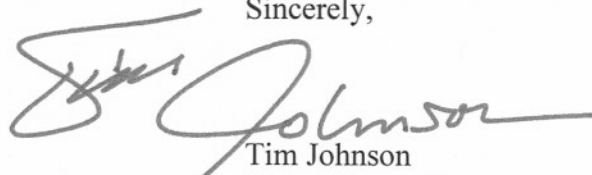
As the Senate begins to discuss Medicare legislation, I want to draw your attention to an issue of serious concern. As you are aware, the CHAMP Act passed by the House contained a provision cutting \$2.7 billion from Medicare funding for skilled nursing facilities (SNFs) over the next five years, and an alarming \$6.5 billion in the next decade. I believe that such a cut will undermine meaningful quality improvement efforts the skilled nursing community has engaged in and continues to pursue. Appropriate Medicare funding is in the best interest of beneficiaries, caregivers, and taxpayers alike.

As you know, SNFs provide rehabilitative, health care and related services to 3 million Medicare beneficiaries each year. Three out of every four patients are women, and more than half have annual incomes of less than \$10,000. SNFs employ 2.1 million direct care workers, 86 percent of whom are women and 30 percent of whom are minorities. Approximately 70 percent of SNF costs are labor related. I believe that any reduction in Medicare funding for SNF care will have a direct and negative impact on these Americans.

For decades, Medicare has subsidized substantial inadequacies in Medicaid funding for patients in nursing facilities. A recent national study shows that, on average, Medicaid underfunds nursing home care by an average of \$13.15 per patient per day in my state. Nationally, Medicaid underfunds the cost of care by \$4.4 billion.

I believe that these few facts demonstrate how damaging cuts to Medicare would be to our nation's post-acute and long-term care needs. I urge you to oppose any reductions in Medicare funding for SNF care in any future legislation that addresses Medicare policy changes.

Sincerely,



Tim Johnson
United States Senate