

United States Senate

WASHINGTON, DC 20510

March 5, 2008

The Honorable Kent Conrad
Chairman
Senate Budget Committee
530 Hart Senate Office Building
Washington, DC 20510

The Honorable Judd Gregg
Ranking Member
Senate Budget Committee
393 Russell Senate Office Building
Washington, DC 20510

Dear Chairman Conrad and Ranking Member Gregg:

We are writing to urge the Committee to strongly oppose cuts to Medicare and Medicaid in the Administration's Fiscal Year 2009 (FY 09) Budget, especially those affecting long term care. We express our support for strengthening the Medicare and Medicaid programs, which care for our nation's poor, frail, elderly, and those with disabilities.

Approximately 80% of nursing home patients rely on Medicare or Medicaid to pay for their long term care. Given that the fastest growing segment of our population are those 85 and older, our nation's need for long term care will continue to increase significantly. Providing sufficient funding for Medicare and Medicaid will ensure that this ever-increasing population will have ready access to long term care when the time arrives.

Despite the growing demand for long term care, the existing financing mechanisms for Medicare and Medicaid are intertwined and increasingly dysfunctional. Medicare and Medicaid funding comprise the vast majority of all skilled nursing facility (SNF) payments. The Administration's cuts are especially egregious when the drastic underfunding of Medicaid-financed SNF case is considered. For 2007, SNFs received \$4.4 billion less than needed to cover the costs of providing care to Medicaid patients, according to BDO Seidman. However, the Administration's FY 09 budget fails to account for this perilous situation, which will only worsen as state economies continue to decline, since it calls for nearly \$24 billion in cuts to Medicare SNF funding over five years.

Recently, the long term care sector has experienced relative economic stability, which has provided the funding necessary for the profession to continue enhancing the quality of care and better meet the needs of its patients, which are experiencing more medically complex conditions than ever before. Hence, the implications of these unwarranted cuts are dire, since they would destabilize our nation's long term care facilities, further jeopardizing this already underfunded system.

We respectfully request the Committee continue to foster the stability of the long term care community through reasonable annual inflation adjustments and fair reimbursement for unpaid Medicare co-payments. These actions will provide the critical policy needed by the long term care profession to sustain the continued provision of safe, high quality care in our nation's nearly 16,000 nursing homes.

Thank you in advance for considering our request and we look forward to working with you in facing these challenges as we protect the safety net that our nation's seniors deserve.

Sincerely,

Ed Johnson

Susan M. Collins

Jay Rockefeller

Nun Fierholt

Rebekah Starobin

Blanche R. Lincoln

Paul Ryan

Mark Pryor

Bob Casey, Jr.

Joe Hill

Tom Harkin

Card Lewi

Hillary Rodham Clinton

Patrick Leahy

Robert A. Neuharth

Jon Tester