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## MedPAC Vote Ignores Critical Link of Medicare Funding Statement by Governor Mark Parkinson AHCA President & CEO

**Washington, DC** – The American Health Care Association (AHCA) today expressed concern regarding the Medicare Payment Advisory Commission’s (MedPAC’s) vote late this afternoon, which recommended that Congress provide no cost-of-living increase for skilled nursing care in FY 2012.

“We understand that MedPAC’s limited scope forces the commission to recommend funding levels for skilled nursing care based solely on its recent assessment of the Medicare program,” commented Governor Mark Parkinson, who began his term as president and CEO of AHCA earlier this week. “Fortunately, Congress does not suffer from such limitations. In fact, Congress can, and should, consider the entire economic picture – to include the relationship of Medicare and Medicaid in the long term care setting – when determining federal funding levels for FY 2012, especially as their constituents’ care, good-paying caregiver jobs, and local economies depend on it.”

The chart below from the recently released report prepared for AHCA by nationally-recognized Medicaid experts at Eljay, LLC reveals how Medicare funding helps to offset an estimated annual Medicaid shortfall of \$5.6 billion for 2010 alone.

Figure VIII*					
<b>Estimated Combined Medicare/Medicaid Shortfall for 2010</b>					
<i>Payer</i>	<i>2010 Average Rate</i>	<i>Days in Millions</i>	<i>Revenue in Billions</i>	<i>Margin (Shortfall) As % of Revenue</i>	<i>Net Margin (Shortfall) in Billions</i>
Medicare	\$ 422.07	72.5	\$ 30.60	10.3%	\$ 3.15
Medicaid	\$ 172.16	325.2	\$ 55.99	(10.1%)	\$ (5.65)
			\$ 86.59		\$ (2.50)
<b>Net Medicare/Medicaid Shortfall as a Percentage of Revenue (2.9%)</b>					
<p><i>Sources: Medicare Rates &amp; Days based upon AHCA Reimbursement &amp; Research Department SNF PPS Simulation Model using 2008 SNF claims data. Medicare 2010 projected margin percentage derived from March 2010 Medicare Payment Advisory Commission (MedPAC) Report to Congress, March 2010. Medicaid rates, days &amp; margins derived from this report.</i></p> <p><i>*Figure VIII reproduced from page 15 of Eljay, LLC December 2010 report. To view the entire report, go to <a href="#">A Report on Shortfalls in Medicaid Funding for Nursing Home Care</a>.</i></p>					

With health care reform already taking Medicare dollars away from long term and post-acute care over the next decade, and that the extended Medicaid FMAP funding Congress directed to help buoy states struggling with the slow economic recovery expiring in less than six months, Medicare funding for FY 2012 represents a critical calculation for Congress, for long term care, and for those who rely on the care AHCA's membership provides each day.

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