

1350 Connecticut Avenue NW
Suite 900
Washington, DC 20036
(202) 459-6313 • (202) 459-6308 FAX
www.aqnhc.org

Contact: Leigh Ann Bradley
703-548-0019

**New Avalere Health Analysis: Sequester Would Slash \$782.3 Million
in FY 2014 SNF Medicare Funding**

*- Seniors' Nursing Home Care in CA, FL, TX, NY, IL, NJ, OH, PA, MI, MA Face Biggest
Threats -*

Washington, DC – With the debate on replacing the sequester taking center stage on Capitol Hill this week, the first independent analysis of how much U.S. seniors' Medicare-funded skilled nursing facility (SNF) care would be cut by mandated reductions under the Budget Control Act estimates SNF care (more commonly known as nursing home care) in California, Florida, Texas, New York, Illinois, New Jersey, Ohio, Pennsylvania, Michigan and Massachusetts will suffer the largest Medicare cuts. Nationally, the analysis, finds the Medicare cuts will total \$782.3 million, which would go into effect in January 2013.

“Vulnerable nursing home patients, a fragile front line care workforce and economically-stressed facilities across America have been battered by a cascade of Medicare and Medicaid funding cuts over the past several years, and the sequestration threat looms large over a health sector caring for rising numbers of higher acuity patients,” stated Alan G. Rosenbloom, President of the Alliance for Quality Nursing Home Care (Alliance), which funded the study. “Demographic reality and the rapidly evolving nature of our patient population requires a more rational, cost-effective Medicare post-acute payment system -- not more irrational Medicare cuts that jeopardize ongoing access to quality care. There are better, smarter ways to finance seniors' nursing home care, and a thorough discussion about how to do so is a paramount health policy priority.”

The following is the Impact of Sequestration in the Budget Control Act on Medicare Payments to SNFs in FY 2014 (*FY 2014 is the first full fiscal year of sequestration reductions under the Budget Control Act; the sequestration provisions take effect on January 2, 2013. Additional methodology notes available at aqnhc.org.*

State	Estimate of FY 2014 Sequestration Impact on Payments to U.S. SNFs
California	\$75,900,000
Florida	\$66,000,000
Texas	\$51,000,000
New York	\$47,200,000

Illinois	\$46,200,000
New Jersey	\$37,500,000
Ohio	\$37,300,000
Pennsylvania	\$36,900,000
Michigan	\$30,200,000
Massachusetts	\$28,400,000
U.S.	\$782,300,000

Noting U.S. SNF’s will absorb at least \$3 billion in new cuts over the FY 2012-21 budget window resulting from so called “bad debt” provisions in the recently passed Middle Class Tax Relief and Job Creation Act of 2012, Rosenbloom said the sector, in total, is already slated to absorb \$48 billion in funding cuts between FY 2012-21.

Moving forward on the 2012 policy front, the Alliance leader said SNFs already play a key role in the swiftly evolving care continuum, and are poised to play a still greater role if Congress acts to rationalize the nation’s Medicare post-acute payment system. In a recent [Inside Health Policy](#) news article, Rosenbloom and Avalere CEO Dan Mendelson detail the need for coordinated governmental SNF funding policy to help achieve greater efficiency in Medicare spending and improve quality.

Rosenbloom also noted a recent [Politico op-ed](#) by Gail Wilensky, Ph.D. and Vincent Mor, Ph.D. which stressed the importance of improved coordination among providers: “What is needed now is to incentivize hospitals and SNFs to work together to treat a patient over the course of an entire episode of illness, and to share any savings that could result from joint efforts... Until then, however, further across the board reductions in SNF reimbursements on top of those already put in place runs the risk of harming the very patients who can least afford it.”

####

The Alliance for Quality Nursing Home Care (The Alliance) is a coalition of 11 leading post-acute and long term care organizations providing quality skilled nursing care to American seniors and disabled in approximately 1,100 facilities in 43 states nationwide. To learn more, visit www.aqnhc.org.