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June 8, 2012

President Barack Obama
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mr. President:

I am writing on behalf of the Alliance for Quality Nursing Home Care (AQNHC), an association of national and regional post-acute and long-term care providers, to express our deep concern about proposals to cut Medicaid funding for our nation's most vulnerable citizens in order to pay for student loan program subsidies.

While we understand the student loan program is a priority, we strongly oppose cutting Medicaid funds for the neediest elderly Americans requiring the highest level of care to do so. We urge you in the strongest possible manner to seek alternative offsets to pay for maintaining current student loan interest rates.

The various proposals to reduce the Medicaid provider tax threshold come at a time when nursing home providers are struggling to absorb multiple deep cuts in government funding.

In addition to facing \$48 billion in Medicare reductions between FY 2012-21 – and the looming threat of billions in additional Medicare cuts mandated by the Budget Control Act – nursing home providers are struggling with Medicaid funding levels that have been frozen or cut by 40 states since 2009. This is highly significant, since approximately three out of every four nursing home patients rely on Medicare and Medicaid to pay for their care.

Medicaid, which is the single largest purchaser of nursing home care, already provides woefully inadequate funding for nursing home patients. Recent studies project that state Medicaid programs already pay nearly \$20 per patient per day less than the actual cost of providing quality care. The gap between payment and reasonable costs has increased since 1997 – when Congress eliminated any federal requirement that state Medicaid programs pay reasonable rates for care – and has been tempered only by the ability of states to use Medicaid provider taxes to help supplement shrinking state resources available to pay for Medicaid patients.

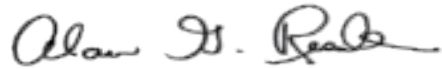
Nursing facilities are especially dependent on this mechanism to support Medicaid payment rates. The current gap translates to a projected \$6.3 billion in unfunded care in 2011 alone – which contributes to the fact that skilled nursing providers have the lowest overall margin of any health care sector.

Skilled nursing providers, the nation's second largest health facility employer, play an increasingly important role in the swiftly evolving post-acute care continuum. We are poised to play a still greater role – a role that could contribute meaningfully to bending the cost curve for such care – if Congress and the

Administration act to rationalize the payment system for post-acute and long-term care. Rather than enacting repeated across-the-board cuts to government funding programs, we urge you to consider thoughtful, bold reforms that would benefit patients, caregivers, providers and taxpayers.

We urge you not to use provider tax cuts to pay for the costs of maintaining current student loan interest rates.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan G. Rosenbloom". The signature is fluid and cursive, with a long horizontal stroke at the end.

Alan G. Rosenbloom
President
Alliance for Quality Nursing Home Care
Washington, D.C.