



MASSACHUSETTS
SENIOR CARE
ASSOCIATION

Massachusetts Nursing Home Care
FY 2012 Budget

4000-0600 provided further that effective July 1, 2011 for the fiscal year ending June 30, 2012, the division of health care finance and policy shall establish nursing facility MassHealth rates that are \$30 million in payments above the payments made to nursing facilities for the fiscal year ended 2011.

- **Fully recognize Medicaid user fee assessment (\$30M)** - The proposed language would require MassHealth to fund its share of the so-called nursing home assessment. Unlike the original user fee program established in October 2002, the increased user fee assessment in SFY 2010 was **not** entirely passed through in the Medicaid rates. Consequently, nursing facilities have had to absorb \$30M of Medicaid's share of the increase in the assessment in SFY2010 and SFY 2011.

Summary

Massachusetts nursing homes provide a core state service to frail elders and disabled individuals who can no longer be cared for safely at home, as determined by the state. Unlike virtually all other health care providers who have the ability to offset Medicaid underpayments, nursing homes are uniquely dependent upon Medicaid. Approximately 70% of nursing home residents (about 30,000) have their care paid for by Medicaid. And, since three-quarters of a nursing home's budget is used to fund employee wages and benefits, a nursing home's ability to hire and increase wages is largely dependent upon state funding for nursing home care.

In recent years, the state Medicaid program has failed to adequately fund quality nursing home care. In 2009 rates were frozen. And, in the FY 2010 and FY 2011 budgets, Medicaid payment for nursing home care was cut by \$30 million as a result of MassHealth not fully funding its share of the nursing home user fee assessment established in the FY 2010 budget Act. Over the last two fiscal years, about \$231 million in nursing facility user fee revenue has been deployed to non-nursing facility services each year.

Governor Patrick's FY 2012 budget recommends a continued cut in Medicaid funding for nursing home care. This proposal would exacerbate the serious Medicaid funding shortfall for nursing homes. The gap between the daily amount Medicaid reimburses for nursing home care and the cost of care has reached a record high of \$35 a day. Given the nursing home community's extraordinary dependence upon

Medicaid funding, Mass Senior Care is extremely concerned that continued underfunding will severely threaten quality of care and erode years of progress in quality resident care and job retention and training.

FY 2010 State User Fee Benefit

| | |
|---|--|
| Total User Fee Increase | \$75M |
| New Federal Revenue (Double) | \$75M |
| Total State Benefit | \$150M |
| Total Amount Paid to NFs | \$37M (\$32M Pass Through + \$5M P4P)* |
| Total Amount of User Fee to <u>Non-NFs</u> | \$113M |

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| | |
|---|---------------|
| Total User Fee Increase | \$75M |
| New Federal Revenue (Double) | \$75M |
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| Total Amount Paid to NFs | \$32M |
| Total Amount of User Fee to <u>Non-NFs</u> | \$118M |

TOTAL STATE BENEFIT FY 2010 and FY 2011 \$231 million

NF Impact of Partial Recognition of Increased User Fee

| | |
|--|--|
| Total User Fee Increase - | \$75M (\$62M Medicaid + \$13M Private) |
| Medicaid Share of the User Fee | (\$62M) |
| <u>Medicaid User Fee Payment in Rate</u> | <u>\$32M</u> |
| NET NF MEDICAID <u>LOSS</u> IN SFY 2012 | (\$30M) |