



## LeadingAge New Jersey Statement on Medicaid Cuts to Nursing Homes

### Senate Health, Human Services and Senior Citizens Committee

Oct 3, 2011

Good Morning Senators Weinberg and Vitale and members of the committee. My name is Michele Kent and I am the President and CEO of LeadingAge New Jersey (formerly NJAHSAs). On behalf of the association and its members, thank you for providing me this opportunity to testify today on Medicaid funding for nursing homes and senior services and, quite frankly, public policy decisions in difficult economic times. I would respectfully suggest that my professional experience has provided me with a strong vantage point from which to understand the many complexities of government funding and service delivery to vulnerable populations. I have served under both Governors Whitman and Corzine; have worked for the Senate; have led NJ's largest agency, the Dept of Human Services; have run the trade association representing NJ's health insurers; and now manage LeadingAge NJ.

LeadingAge New Jersey represents some 145 not-for-profit organizations across the state that span the entire long term care and senior services continuum. These include Nursing Homes, Assisted Living Residences, Continuing Care Retirement Communities, Residential Health Care Facilities, and Independent Senior Housing Facilities. In addition to these services, many of our members also provide an array of home and community-based programs including Hospice, Adult Day Services, Meals-On-Wheels, Congregate Housing Services, and Intergenerational Child Care. Because LeadingAge New Jersey members maintain a mission to serve low-income populations, a majority of the facilities we represent participate in the Medicaid program.

As you know, throughout the past decade LeadingAge New Jersey and its colleagues have faced budget proposals containing cuts to the Medicaid nursing home budget. Time and time again we have been spared those reductions thanks largely to your efforts and those of your legislative colleagues.

Unfortunately, this year, while again the legislature attempted to restore proposed Medicaid cuts to nursing facilities, that restoration was vetoed by the Governor, as you well know. As a point of reference, these cuts total approximately \$80M when combined with the federal matching dollars which are resultantly lost.

This year's cut to nursing homes is 3%, an amount exacerbated in impact by the fact that these homes have not received any increases since 2008. By the way, nursing homes have yet to receive these "new" rates reflecting this effective July 1 reduction.

Would this were the only funding issue effecting critical services to seniors. As I'm sure you know, Medicare was just cut by 11% (effective Oct 1, 2011). Adding to the concern and uncertainty is the

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effect which federal healthcare reform will have on our delivery system to seniors; additional Medicare cuts proposed by the Obama administration to address deficit reduction; and, on the State level, the recent waiver submission by the NJ Medicaid program to CMS which would, among other things, place long term care and home & community based care under HMOs and would also discontinue PACE programs. How this latter, i.e., managed care for long term care, would be operationalized is yet to be known. One thing we all know is that nursing homes and assisted living facilities will surely face additional cuts. Why do we know this? Because that is one of the key reasons states across the country have moved more and more Medicaid recipients into managed care: it saves the states millions of dollars. Frankly, I did it when I was commissioner....and it's not necessarily a bad thing when done carefully....that is, when Medicaid members are ensured access to high quality care; when the providers of care are provided with rates that allow them to provide this access and quality care. States that "overdo" it, however, by trying to save too much money, create systems with disastrous results.

A word on nursing homes. While none of us wants to end up our days in a nursing facility, in fact, many of us shall. However, thanks to the increases in home & community based services and supports, better health and other variables, many people are avoiding nursing home care until much later in life. This is certainly a good thing. The result, however, is that nursing home residents are now older, frailer, sicker. And that means that their cost of care is higher. I invite you to visit one of our nursing facilities to see for yourselves; the individuals being cared for clearly need to be in a residential setting. The point is simply this: we must keep the infrastructure well-funded in order to continue to be able to provide high quality care.

Back to the issue of approved and pending cuts. Why is all this happening with such ferocity? You and I know that Medicare and Medicaid are considered financially unsustainable in their current configuration. These two massive social programs consume huge amounts of governmental dollars, to be sure. Further, to state that the economy is not in good shape is to state the obvious. Governments at all levels are scrambling for savings.

And then there's the aging of our population. As a nation and a state, we are on the leading edge of a huge tsunami of senior citizens. In fact, the fastest growing cohort of our citizenry is the 100+ population. We shall need a strong infrastructure of high quality facilities and programs available to care for this predictably massive influx of elderly.

To use an overused phrase, a "perfect storm" seems to be brewing. Not a time for the weak of heart. Really rough time to be a legislator or a governor or a president!

With the sincerest of respect to you, my message is this: As you struggle daily to balance multiple priorities for limited resources, don't forget that what we choose to fund as a society is a direct expression of our values. Let's face facts, funding decisions speak volumes about what we believe. They "say" that one program or service should be funded over another. They "say" that government should play a role.

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I would hope that you agree that there is a moral imperative to care for “the least among us”, for the abused, the disabled, the frail, the poor. Surely government cannot be all things to all people. When money is flowing, that is the temptation. However, when difficult choices must be made, when we need to triage, we need to remember the unique strength of this nation: caring for others.

Medicaid is an expensive program and money should not be squandered. However, we need to ensure a strong infrastructure of facilities and services to care for our oldest residents. They cannot be cast aside as useless in the sunset of their lives. These are the people who raised you and me and who, one day, will be you and me. I implore you to do all you can to keep our delivery system strong, and not to cut support to nursing homes and other facilities and services for our low income elderly.

Thank you so much for allowing me to testify today.