

WELCOME!

Welcome St. Louis Region Legislators and
Skilled Nursing Facilities
to a
Town Hall Meeting
to Discuss
Skilled Nursing Facility Medicaid Cuts

Hosted by: Delmar Gardens North and Cathy Bono

Presented by: Missouri Health Care Association and MHCA District 3, Leading Age of Missouri and independent nursing facilities in the St. Louis and surrounding area

Why Are We Here?

Devastating and draconian cuts are jeopardizing the care of Missouri's skilled nursing home residents.

- Who is Affected by the Cuts?
- What is the Nursing Home Medicaid Rate?
- What is the Crisis Facing our Residents?
- What is the Solution to Fix this Problem?

Who is Affected by the
Cuts?

Skilled Nursing Homes in Missouri

There are 504 nursing facilities in Missouri. These facilities are:

- Small or Rural "Mom & Pop" Facilities
- County Owned Facilities
- Independent In-State Owner Groups
- National Corporations

Who Are Nursing Home Medicaid Residents?

- **MIDDLE CLASS** – Individuals who worked all their lives, paid taxes, voted and have now outlived their resources.
- **VETERANS** - Thousands of veterans receive care in nursing homes. These veterans have risked their lives to protect us and serve our country. Veterans prefer to receive care in facilities located in their communities.
- **DISABLED** – Disabled citizens who cannot care for themselves and need the vital care services only available in nursing homes.

Care Provided in Nursing Homes

Nursing homes provide the most efficient, comprehensive and acute care services costing the state less than any other provider of similar services. Such care includes:

- 24/7 care in one setting
- Short term care and therapy
- Long term care
- End of life care

Nursing Home Residents Are Very Sick

- Nursing home residents are in nursing homes, not because they want to be but, because they have to be
- There is no place other than a hospital (at a much higher cost) for our residents to receive the efficient and necessary specialized acute care services they require
- Changes in level of care requirements mean residents must now be even sicker to enter a nursing home

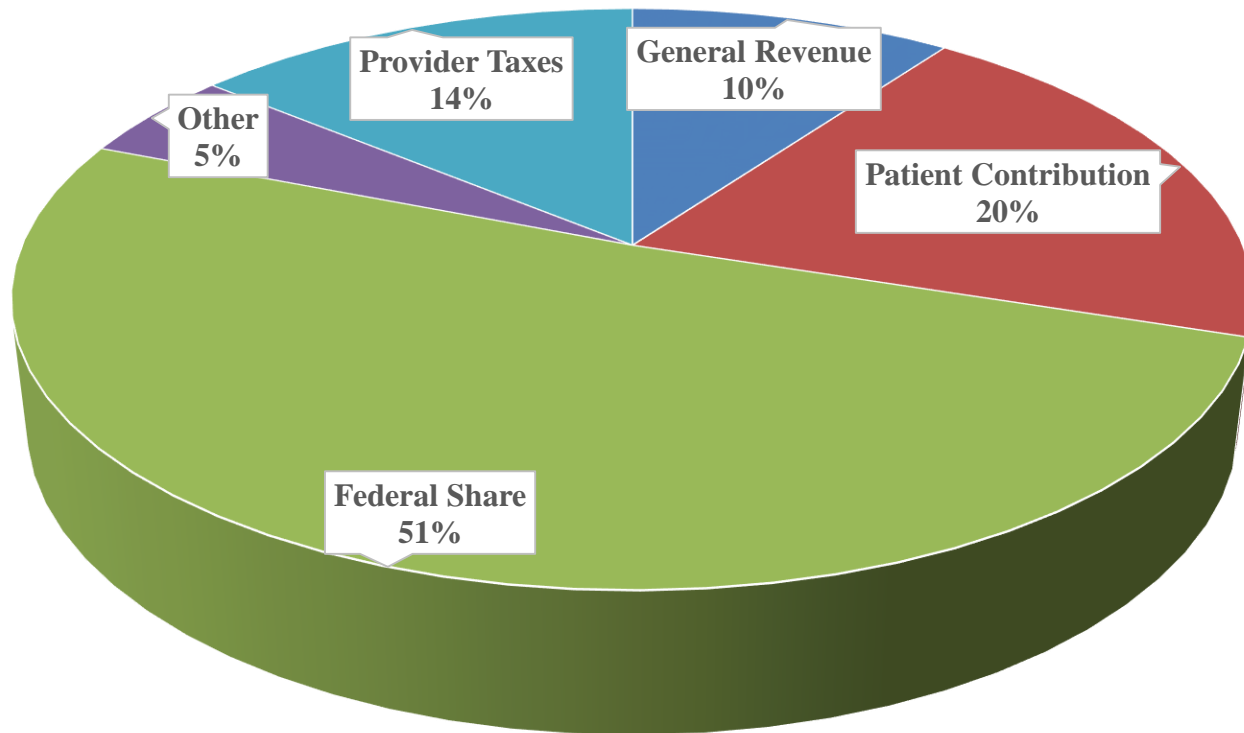
Services Nursing Home Residents Receive

- 24-hour nursing care
- Assistance and management of all medications
- Therapy services
- 24-hour protective oversight
- Assistance with all activities of daily living (i.e. bathing, eating, toileting, dressing, etc.)
- Specialized activities necessary to treat cognitive impairments and facilitate vital social engagement skills
- Transportation to and from medical appointments

What is the Nursing
Home Medicaid Rate?

SFY Average Medicaid Rate = \$153.81

State of Missouri pays only \$15.26 of the \$153.81 PPD



■ General Revenue ■ Patient Contribution ■ Federal Share ■ Other ■ Provider Taxes

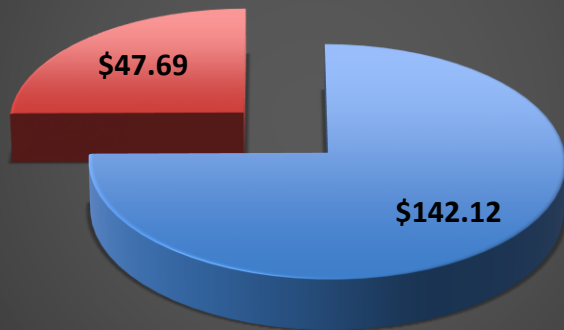
What is Covered in the Nursing Home Medicaid Rate?

- ✓ 24/7 Nursing Care
- ✓ Non-prescription drugs
- ✓ Food
- ✓ Housing
- ✓ Supplies
- ✓ Oxygen
- ✓ **EVERYTHING** is covered except physician services and prescribed pharmaceuticals

How Missouri Compares to Similar States

States with Similar Budget
Avg. SNF Medicaid Rate -
\$189.81

25% GR

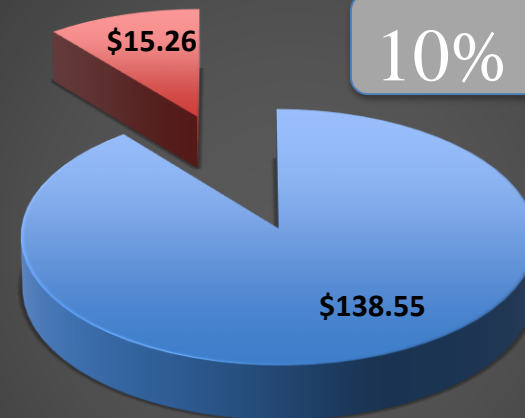


\$28.1 billion average State Budget – SC, CO, AK, AL, LA, IN

■ Avg. Other Sources ■ State GR

Missouri Avg. SNF Medicaid Rate - \$153.81

10% GR

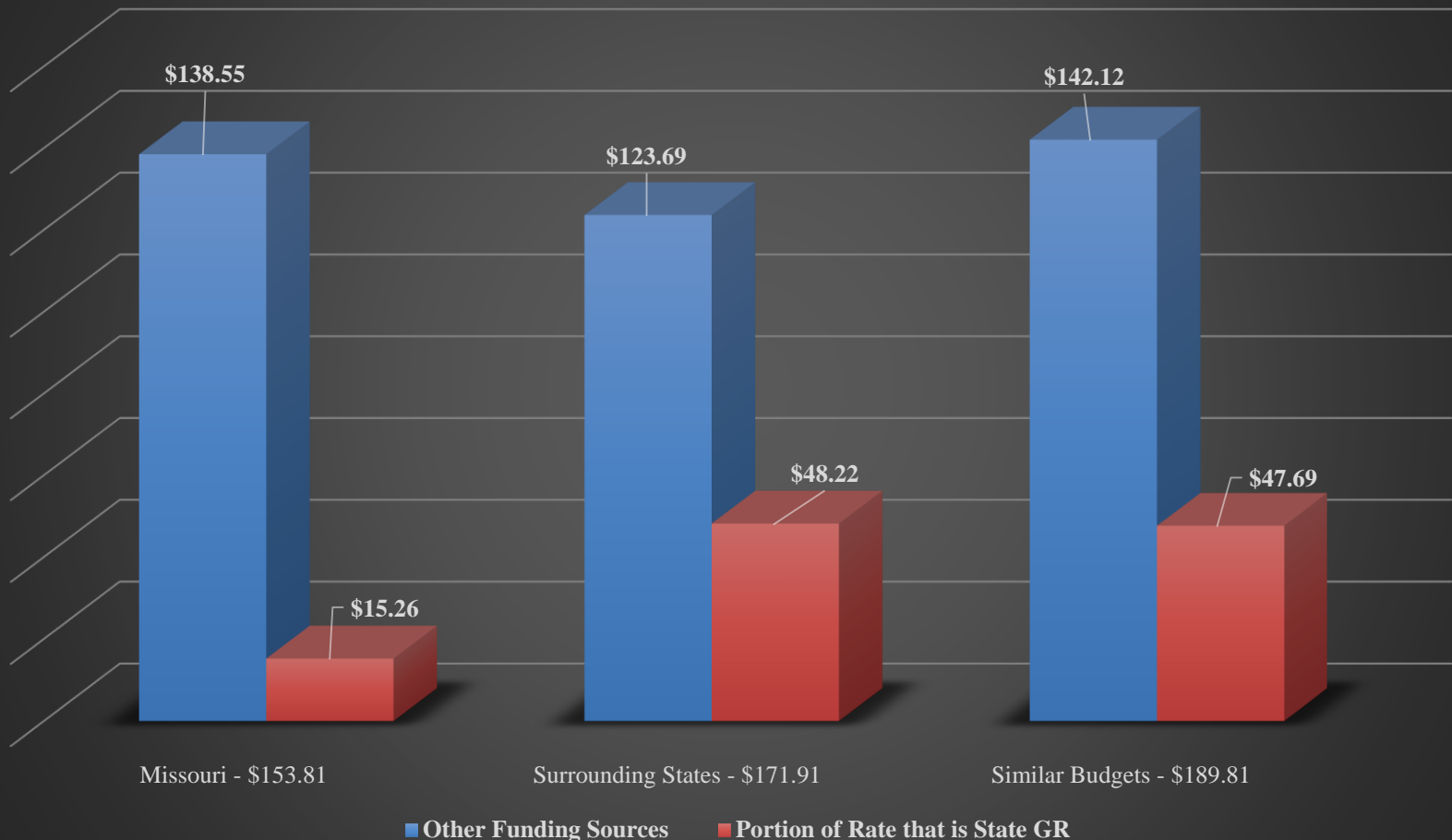


\$27.4 billion State Budget

■ Avg. Other Sources ■ Portion of Rate that is State GR

Missouri vs. Surrounding and Similar States

Comparison of State GR



State by State Detail

BUDGET RATE COMPARISON BY SURROUNDING AND SIMILAR STATES

<u>State</u>	<u>Total State Budget</u>	<u>Avg. SNF MCD Rate</u>	<u>Portion of Rate that is State GR</u>	<u>% of Rate that is State GR</u>	<u>Surrounding or Similar Budget State</u>
Missouri	\$27,400,000,000	\$153.81	\$15.26	10.00%	
South Carolina	\$26,300,000,000	\$169.84	\$42.46	25.00%	Similar
Colorado	\$27,100,000,000	\$234.40	\$96.10	41.00%	Similar
Alabama	\$29,200,000,000	\$198.20	\$30.44	21.02%	Similar
Louisiana	\$29,200,000,000	\$171.14	\$46.21	27.00%	Similar
Indiana	\$31,900,000,000	\$192.31	\$47.62	24.70%	Similar
Arkansas	\$28,600,000,000	\$172.94	\$23.33	13.49%	Similar/Surrounding
Iowa	\$8,400,000,000	\$172.00	\$50.67	29.50%	Surrounding
Nebraska	\$9,000,000,000	\$176.56	\$67.09	38.00%	Surrounding
Tennessee	\$34,900,000,000	\$196.67	\$37.37	19.00%	Surrounding
Kentucky	\$22,000,000,000	\$183.56	\$52.92	28.83%	Surrounding
Illinois	\$87,400,000,000	\$151.99	\$75.99	50.00%	Surrounding
Oklahoma	\$6,800,000,000	\$143.79	\$30.20	21.00%	Surrounding
Kansas	\$15,900,000,000	\$177.73	<i>n/a</i>	<i>n/a</i>	Surrounding
Avg. of Surrounding States	\$26,625,000,000	\$171.91	\$48.22	28.55%	
Avg. of State w/ Similar Budgets	\$28,716,666,667	\$189.81	\$47.69	25.37%	

Breakdown of SNF Medicaid Rate

FY2018 SNF Medicaid Funding

General Revenue:	\$134,380,603
Federal:	\$378,476,928
Provider Assessment:	\$351,448,765
Other Funds:	\$ 65,527,432
Total SNF Funding:	\$929,833,728

SNF Funding Vs. Other State Funding

MO PAYS MORE TO CARE FOR PRISONERS THAN ITS MOST VULNERABLE CITIZENS

- Missouri pays approximately \$60 per prisoner per day in our correctional facilities. The FY2018 General Revenue appropriation to corrections was approximately \$677 Million.
- Missouri only pays \$15.26 per patient day to care for Seniors, Veterans and Disabled citizens in nursing homes. FY2018 General Revenue appropriation to SNF Medicaid rate was approximately \$134 Million.
- Missouri prisons are fully funded every year. LTC communities serving our most vulnerable law abiding citizens are significantly underfunded every year.

What is the Crisis Facing
Nursing Home Residents?

The Crisis

- Prior to the 3.5% rate cut, nursing homes were underfunded \$17 PPD
- After the 3.5% rate cut, the underfunding increased to \$25 PPD
- Missouri now has one of the lowest SNF Medicaid rates in the United States

Actual Impact to Facilities After 3.5% SNF Medicaid Cut

Nursing Facility	Location	% Medicaid Occupancy	CMS Star Rating as of 7/24/17	Actual <u>Net Loss</u> from the Current Medicaid Disparity FY 2016	Projected Additional Loss from 3.5% Cut	Total Projected <u>Net Loss</u> Per Facility after 3.5% Cut
A	Rural SW	30.80%	5	-\$55,403.00	-\$63,093.50	-\$118,496.50
B	Rural NE	20.98%	5	-\$158,693.00	-\$45,245.65	-\$203,938.65
C	Rural Eastern	42.12%	5	-\$267,351.00	-\$59,803.80	-\$327,154.80
D	Urban SE	41.30%	4	-\$126,152.00	-\$34,139.23	-\$160,291.23
E	Urban Eastern	48.82%	4	-\$167,227.00	-\$105,275.31	-\$272,502.31

What's At Risk

- **Residents and Veterans Will Lose Care** – Current funding levels cannot sustain the highly regulated care mandated and necessary to properly care for nursing home residents. The veteran population is growing due to aging Vietnam and Korean War veterans. Since the VA will not grant additional VA nursing home beds in Missouri, veterans will have no place to go.
- **Loss of Federal Funding** – This 3.5% cut, which saved the state \$16.2 Million, also caused the state to RETURN \$27.9 Million to the federal government. For every \$1 the state spends on its SNF Medicaid residents, the federal government gives the state \$1.60 toward its SNF Medicaid rate. Missouri must enhance federal match dollars NOW. As Congress works to cap federal funding to states, the 3.5% cut that initially saved Missouri \$16.2M will cost Missouri \$44.1M in GR to restore.
- **Jobs** - An estimated 2,000 nursing home jobs are currently at risk and many more may be lost.
- **Closure of Nursing Homes** – If this funding crisis isn't fixed soon, the state will lose valuable federal dollars; residents, including veterans, will lose care; jobs will be lost; state and local economies will suffer because nursing homes will eventually go out of business if this current funding trend continues.

Loss of Services to Residents

The 3.5% rate cut has forced nursing homes to reduce services provided by non-direct care staff. While residents will continue to receive the best direct care, the funding crisis has left no margin for the following beneficial services:

- **Activities** - reduction in staff results in decreased social and cognitive stimulation activities for the residents
- **Dietary** - decreased selection in food options and limitations on dining times means residents can no longer eat at the time of their choosing
- **Housekeeping** - reduction in staff hours forces cleaning schedules to be limited
- **Maintenance** - no preventative maintenance; instead limited to only basic upkeep and no allowance for aesthetic modifications
- **Transportation** - services have been cut so facilities are forced to outsource transportation services or utilized ambulance, which both come at a much higher cost to the state

Missouri's Economy Will Suffer

- Nursing homes are an economic engine in the state supporting an estimated \$8.53 billion of the State's economic activity; providing \$1.94 billion in salaries and generating \$419 million in State and Local Taxes.
- Collectively, nursing homes are one of the largest employers in the state, providing over 50,000 jobs. But in some rural communities, nursing homes are the largest employer.
- Revenues generated by nursing homes stay in the community and the state.

Communities Will Suffer

If nursing homes go out of business:

- Loss of 24/7 nursing care available in communities, especially rural communities, will create a healthcare desert
- Economy in communities will be devastated as employment rates plummet and businesses are hit hard
- Seniors, disabled and veterans will be forced to leave their communities and loved ones to relocate to a nursing home hundreds of miles away

Over-Regulation Makes The Crisis Worse

- Nursing homes are the most heavily regulated industry with 95% of our regulations imposed by CMS and the State of Missouri has no ability to reduce these federal regulatory burdens.
- CMS issued new Requirements of Participation for nursing homes in 2016, which were 700 pages of new regulations costing each nursing home approximately \$250,000 in on-going costs.
- The CMS Payroll-Based Journal requires all nursing homes to collect and submit staffing and census information on a quarterly basis. Since the process is so time consuming, it actually takes valuable staff hours away from the residents, can negatively impact the nursing homes' 5-STAR rating and also result in fines. This mandate has nothing to do with resident care.

Over-Regulation (continued)

- Due to the abundance of regulations, nursing homes must hire new staff with specific training requirements to meet all documentation, program development and administration requirements. The new staff are hired only to comply with the regulations and not for the residents' care.
- Nursing homes that fail to adhere to federal regulations receive egregious penalties totaling tens, if not hundreds, of thousands of dollars that many times continue to accrue weeks after the nursing home has corrected the problem.

What Is the Solution to
Fix this Crisis?

Recommendation - Solutions

Nursing homes have provided their own funding solutions for nearly 20 years:

- FRA (funds 40% of current SNF Medicaid rate)
- Medicare Bad Debt (\$35 million)
- Gave funds to State from FRA (over \$20 million) to help out in a tough budget year

NOW, it's time for Missouri to find a solution and fully fund the vital care our most vulnerable Missourians need and deserve!