

Don't Slash Medicaid Funding for Services for Seniors: Support High Quality Nursing Home Care for Vulnerable New Yorkers

A \$5 Billion Cut in Already Inadequate Medicaid LTC Rates will Inevitably Hurt Consumers

New York's population of older adults is rising steeply, while the working age population is shrinking. Long-term care (LTC) providers statewide are struggling to fill direct care positions. LTC has borne the brunt of Medicaid cuts over the past 2 years, and cannot absorb more cuts, mandates, or fees, while continuing to provide high-quality services. **In the context of demographic change, New York needs to build the long-term care (LTC) delivery system and its workforce, not cripple it with crushing cuts. No high-quality, well-managed provider should be forced to close and displace vulnerable seniors and people with disabilities due to inadequate rates.** LeadingAge NY's proposed Five-Point Plan (attached) is a critical first step in slowing spending growth and ensuring the availability of services to New York's seniors. In addition, the State Budget should sustain high-quality nursing home services with the following actions:

- **The 1% ATB Cut and MRT:** NY's nursing homes already lose \$64 per Medicaid resident care day. As a result, 60% of not-for-profit (NFP) and 86% of public nursing homes incurred operating losses in 2018. Since 2014, 12 nursing homes have closed, and nearly 50 public and NFP homes have been sold. The 1% across-the-board (ATB) Medicaid cut implemented on Jan. 1st is largely undoing the 1.5% labor cost adjustment provided last year, the first such increase since 2007.

Request: Invest in high quality nursing homes, avoid new Medicaid cuts and undo the 1% ATB cut.

- **Medicaid Case-Mix Cut:** The Department of Health (DOH) intends to proceed with a \$250 million administrative cut to Medicaid case-mix adjustments, which are intended to pay for the added costs of caring for residents with complex medical conditions.

Request: Reverse this cut; update the reimbursement system to ensure that facilities that serve residents with greater needs receive more, not less, funding to support the added costs.

- **CON Fee and Prevailing Wage:** The Executive Budget would impose a 3% surcharge on nursing home construction projects requiring Certificate of Need (CON) approval, and prevailing wage requirements on construction projects financed with public funds. The CON surcharge would be on top of existing CON fees and would be ineligible for Medicaid reimbursement. Prevailing wage could add 15-20% to construction costs. Nursing homes would be hit especially hard since most of their revenues are from Medicaid, and they often rely on government-assisted financing for their projects.

Request: Exempt projects undertaken by non-profit LTC providers from the proposed CON tax and prevailing wage requirements.

- **Transformation Grants:** The Executive Budget would reauthorize \$225 million for the Statewide Health Care Facility Transformation Program Phase III for capital projects, debt retirement and other transformational projects. Nursing homes are in dire need of infrastructure funding to upgrade physical plants, restructure existing services, address increasingly complex care needs, deploy electronic health records and engage in health information exchange, and adopt telehealth technology. These investments will help LTC providers to reduce the use of hospital services and save money overall. While we are pleased that Phase III includes dedicated funding for nursing homes, the State has not yet solicited applications.

Request: Dedicate additional Transformation funds to LTC and set deadlines for the State to issue a request for applications and actually award the Phase III funds.
- **Nurse Staffing Ratios:** A.2954 (Gunther)/S.1032 (Rivera), the “Safe Staffing for Quality Care Act,” would create specific staffing ratios for nurses and aides in nursing homes and hospitals. Academic research does not support that specific staffing ratios produce higher quality of care. The staffing standards in this legislation would conservatively cost \$1 billion annually to implement in nursing homes.

Request: Reject staffing ratios legislation.
- **Medication Technicians:** Specially trained certified nurse aides could provide routine medication passes in nursing homes, making more efficient use of nurses and providing a career ladder option. Several other states and the NYS Department of Mental Hygiene successfully utilize medication aides.

Request: Enact legislation allowing nursing homes statewide to utilize medication technicians.
- **LTC Insurance Credit:** New York State currently allows a 20% state income tax credit for LTC insurance premiums. The Executive Budget would limit the credit to \$1,500 per year and restrict eligibility to taxpayers with incomes under \$250,000. The State should be doing more, rather than less, to reduce dependency on Medicaid as a LTC financing source.

Request: The Legislature should reject this proposal and consider other options for expanding private financing in LTC.
- **Nursing Home Oversight:** Significant variations in survey findings by region, which cannot be explained by differences in actual quality of care, should be addressed. The Informal Dispute Resolution (IDR) process, which allows facilities to appeal survey deficiencies, is not effective or transparent.

Request: Ensure survey consistency across regions; advocate for quality control in the survey system; and reform the IDR process.