



Talking Points

MEDICARE PAYMENT UPDATE

Not-for-profit nursing facilities cannot afford to lose the 2010 market basket update that is scheduled to take effect under current law beginning October 1. **This market basket increase is automatic *unless* Congress takes action to negate it. Provisions in HR 3200, the House tri-committee Health Care Reform bill, would eliminate this increase and use the savings to finance other proposed reforms.**

- While the Medicare Payment Advisory Commission (MedPAC) has reported generally healthy Medicare margins among nursing homes as a whole, the commission also has found for the past several years that **not-for-profit facilities' Medicare margins are tiny to non-existent.**
- MedPAC also has reported that the present payment system for skilled nursing facilities under-reimburses not-for-profits for the care of medically-complex residents, such as those needing expensive drugs or ventilator care, by as much as 7%. **Not-for-profit facilities care for a disproportionately large share of these medically-complex residents.**
- **The elimination of the 2010 Medicare update would remove resources needed to provide high-quality services to frail elders.** Facilities caring for residents with the most complex conditions, and which are currently realizing the tiniest Medicare margins would be the most severely affected by the loss of the payment update.

In addition to the possible loss of the market basket update, CMS has issued a final rule recalibrating nursing facility payment rates which will cut payments by an average of one percent in 2010. CMS assumed a 2.2% increase in reimbursements from the market basket update; if the update is not paid, facilities will lose an average of 3.3% in their Medicare reimbursement.

- According to HHS calculations, nursing homes stand to lose \$18 billion over the next 10 years because of this recalibration.
- These losses would exacerbate the reductions many facilities are experiencing due to state cutbacks in the Medicaid program, which is the largest public source of financing for nursing home care.

As nursing homes already will incur a loss of \$18 billion in reimbursement payments over the next 10 years, nursing homes cannot afford any further contribution towards financing health care reform.

Nursing homes provide an essential part of the continuum of care.

Please ask your legislators to support the scheduled market basket increase and oppose any legislative efforts to negate it.

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