



SKILLED
NURSING CARE
COALITION

January 22, 2009

The Honorable Ted Strickland
Governor of Ohio
Statehouse
Columbus, OH 43215

Dear Governor Strickland,

I am writing to follow up on our request concerning skilled nursing facility (SNF) Medicaid rates. As part of that request, we asked that the additional federal Medicaid dollars that the economic recovery package will generate for SNF care that be kept in the SNF "line item" in the state budget.

The added federal Medicaid matching funds can be maximized only if they are used to fund Medicaid services.

By our rough calculations, Ohio currently spends about \$980 million per year in state dollars on SNF care, inclusive of revenue from the franchise permit fee imposed on SNFs, which is considered state funds. At the 2008 matching rate of 62.14%, this generates about \$1.6 billion annually in federal match.¹

We understand the federal matching rate is increasing 1.28% in 2009 based on the current formula. We also understand that the recovery package could increase Ohio's matching rate by an additional 4.5% and possibly more depending on unemployment.

If the state maintains the same level of state funding for SNF care, without adding one penny of state General Revenue Funds, the increase in federal matching rate would generate an additional \$466 million per year for the SNF component of Medicaid.² This would only occur, however, if the state maintains the current level of funding for SNF care.

If Ohio decreases its state-dollar commitment to SNF care and shifts those dollars to another area of the state budget, less federal match would be generated because, by

¹ \$980 million/.3786 = \$2.588 billion - \$980 million = \$1.608 billion

² \$980 million/.3208 = \$3.055 billion - \$2.588 billion = \$466 million (rounded)

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definition, the federal money is only available as a match to state Medicaid spending. If, for example, Ohio maintained the current level of total (federal/state) spending on SNFs by “substituting” federal money for state, we calculate Ohio would only “net” an additional \$150 million per year from the increase in federal match.³

This is a difference of \$316 million per year or \$632 million over the biennium, not an inconsiderable sum for Ohio to leave on the table.

As you finalize your budget proposal, we ask that you keep the additional federal match for SNF care within that portion of the budget and allow Ohio to maximize its federal share.

We thank you for consideration of our request, and would be happy to discuss these issues with you further if that would be helpful.

Sincerely,



Peter Van Runkle, President
Skilled Nursing Care Coalition

³ \$2.588 billion * .3208 = \$830 million; \$980 million - \$830 million = \$150 million