



Medicaid Reimbursement for Ohio Skilled Nursing Facilities In the SFY 2010-2011 Budget

The Skilled Nursing Care Coalition requests that Governor Strickland and the Ohio General Assembly **increase the statewide average Medicaid rate** for a day of care for a skilled nursing facility (SNF) patient **by 3% in each year** of the coming biennium.

Ohio SNF patients need this rate increase now because for the past 5 years, rates have risen only slightly more than 1% per year (6% total). By comparison, the Consumer Price Index grew 19%.

During the same five-year period, the acuity of SNF patients rose steadily. Higher acuity means patients have more care needs, which in turn means it is more expensive to care for them. Staff time and other costs such as medical supplies increase.

A recent national study estimates that Ohio's Medicaid program paid \$14.86 less per patient per day than the average SNF's cost of delivering care in 2008. Across all Ohio SNFs, the shortfall amounted to \$281 million.

Staffing makes up 70% of the cost of SNF care, and 65% of all SNF patients are on Medicaid. SNFs have been forced to react to Medicaid rate shortfalls by limiting staffing costs (that is, not raising wages and/or cutting staff). **SNFs have been dealing with inadequate rate increases for 5 years**; this situation cannot continue without seriously jeopardizing quality of care.

SNFs provide jobs for more than 85,000 Ohioans and are major employers in many communities. At a time when job creation and retention are more critical than ever, adequate Medicaid funding is vital to preserving these jobs.

This biennium, Ohio is spending \$250 million less in state tax dollars to care for SNF patients than in the SFY 2004-2005 biennium. During those six years, rates increased minimally, the number of days of care provided to Medicaid patients fell significantly, and alternative funding sources for SNF care were found. The savings were used to support other parts of the state budget.

Our requested rate increases can be provided **without any additional state GRF dollars** because the federal government will be supplying more funding for Medicaid services, including SNF care. The federal Medicaid match (Federal Medical Assistance Percentage or FMAP) for Ohio is going up 1.28% for 2009. Additional FMAP increases of 4-6% for the next two years are highly probable, as both Congress and President Obama support including FMAP in the economic recovery package.

The portion of these additional federal dollars attributable to care in Ohio SNFs is **more than sufficient to fund the proposed rate increases**. We ask that this added federal funding stay within the SNF component of the Medicaid program to protect both the quality of care for our frail elderly and disabled citizens and vital Ohio jobs.