

FOR IMMEDIATE RELEASE
December 3, 2019

Contact: Elizabeth Thomas
ElizabethThomas@hcam.org
517.622.6186

Potential Cuts to Nursing Facilities Looming *HCAM Urges Resolution to Budget Predicament*

The Health Care Association of Michigan (HCAM) today reminded elected officials that nearly \$40 million in Medicaid cuts to skilled nursing and rehabilitation facilities could begin at any time. Facilities throughout the state will be negatively impacted if these proposed cuts take effect. More than \$5.8 million in cuts impact 28 Wayne County skilled nursing facilities and 12 Upper Peninsula nursing facilities are projected to lose a combined estimated \$1.8 million.

As part of Governor Whitmer's actions around the budget, the Michigan Department of Health and Human Services (MDHHS) issued a Medicaid policy that would significantly reduce reimbursement to nursing facilities. If there is not action to rescind this policy, funding for nursing facilities will be reduced by nearly \$40 million this fiscal year and nearly \$45 million next fiscal year. It is a double hit on nursing facility providers. The cut will impact fiscal year 2020-2021 because there is no time for providers to reduce costs at the end of 2019 in response to this unanticipated policy change. The significant loss of funding will continue for each year following 2020-2021. According to the policy bulletin, the cut could take effect November 1. Therefore, the cuts could be retroactive to that date.

"This is an unsustainable cut in funding to nursing facilities," said HCAM President/CEO Melissa Samuel. "Our member facilities are having to develop two possible budgets, one with the cut and one with the funding the legislature provided. The differences between the two are devastating. Combine that with the fact that these cuts could be retroactive back to November 1 and you have a lot of uncertainty in our profession."

A cut to Medicaid long-term care funding is, as a practical matter, a cut to the hours, wages, and benefits of the health care workers in nursing facilities. This is because the vast majority of provider costs – around 75 percent – are allocated to wages and benefits for employees. These Michigan employees and the patients for whom they provide care will be directly impacted by these cuts.

Many facilities across the state will face substantial cuts of hundreds of thousands of dollars in a single year. Many providers will have little choice but to make staffing changes, which will impact the wages, benefits, and hours of health care workers, and the cuts may lead to layoffs as well. A cut of \$400,000 to a single facility would equate to approximately 6 to 8 nurses or 12 to 15 certified nurse aides.

Samuel continued, "HCAM urges everyone to work together on a resolution to avoid funding decreases that could compromise care to one of Michigan's most vulnerable populations. Nursing facility residents and the dedicated employees that serve them deserve better."

#####