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Cuts to Detroit Nursing Facilities Loom Closer

Significant Cuts to Detroit Nursing Facilities Could Take Effect in the Coming Days

The Health Care Association of Michigan (HCAM) today announced that more than \$35 million in Medicaid cuts could begin as early as November 1, more than \$5.8 million of which impact Wayne County skilled nursing facilities.

Ten skilled nursing facilities in Detroit would see a combined estimated loss of more than \$3.3 million. Eighteen others in the rest of Wayne County would lose nearly \$2.5 million combined.

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 more than \$35 million this year and nearly \$40 million next 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.

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.

“This is an unsustainable cut in funding to nursing facilities in Wayne County, especially those in the city of Detroit,” said HCAM President/CEO Melissa Samuel. “Quality employees drive quality care to our residents. These employees and the patients for whom they provide care will be directly impacted by the cut to Medicaid. It is simply not good public policy to decrease funding that pays health care workers caring for our state's seniors.”

Many facilities across the state will face significant 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 a resolution to avoid funding decreases that could compromise care to one of Michigan's most vulnerable populations. Michigan's senior citizens deserve better. In the interests of Michigan's seniors and the health care workers who care for them, it is imperative that the Medicaid funding be restored.”

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