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**TESTIMONY OF TIM GRAVES AND DARLENE EVANS
ON BEHALF OF THE TEXAS HEALTH CARE ASSOCIATION
LEGISLATIVE COMMITTEE ON AGING
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Good afternoon, and thank you for the opportunity to speak before you today. I'm Tim Graves, President & CEO of the Texas Health Care Association (THCA). Founded in 1950, THCA is the state's largest long-term and post acute care advocacy association. Our membership is comprised of several hundred for-profit and not-for-profit entities throughout the state – including nursing facilities, specialized rehabilitation facilities and assisted living facilities.

Joining me is Darlene Evans, a long time THCA leader and Board Member and operator of the Autumn Winds Retirement Lodge, in Schertz, TX -- right outside of San Antonio. Her perspective from the front lines of care is invaluable to this discussion.

Before hearing from Darlene, I want to say first off that we view the 'Culture Change' movement as a positive development. Culture change requires changes in organization practices, physical environments and workforce models at all levels – leading to better outcomes for consumers and direct care workers without inflicting detrimental costs on providers.

After all, we want to assure our grandparents and parents -- and ultimately ourselves – that when we go to receive care in a skilled nursing or assisted living facility, it is to thrive -- not to decline. The movement towards consumer-driven care that embraces flexibility and creative, new models is a direction everyone involved in our profession can embrace.

The bottom line is that culture change is innovation in action: It enhances quality of care and life for consumers and creates opportunities for long-term and post-acute care organizations to always keep improving operational benchmarks in areas related to quality and staffing.

But before we hear from Darlene, I would like to say it's essential to this discussion to make sure providers, policymakers and consumers alike all understand that there will always be a direct correlation between quality care and Medicaid and Medicare funding adequacy.

The cumulative funding squeeze already placing Texas nursing home patients and the jobs of key direct care workers at risk is causing significant stress, and new discussions in Washington about still more

Medicare and Medicaid cuts -- on top of the 3% state Medicaid funding reduction in 2011 -- are a cause of great concern.

Preserving, protecting and defending Texas seniors' ongoing care needs as well as sustaining a strong workforce and local jobs base is contingent on adequate Medicaid funding levels from Austin in the face of repeated funding cuts from Washington.

For the record, Mr. Chairman, Texas nursing homes experienced a phased-in 10 year \$1.6 billion Medicare reduction in 2009, the \$58 million reduction in state Medicaid nursing home funding in 2011 – and a 2012, \$234 million reduction in Medicare-funded nursing home care for Texas seniors - a 10.4 percent rate reduction. Prior to these actions, Texas nursing home care had repeatedly ranked 49th in the nation for Medicaid reimbursement in recent years. The funding squeeze is significant.

As upwards of 70 percent of facility costs are related directly to staffing, and with a full 80 to 85 percent of Texas nursing home residents dependent upon either Medicaid or Medicare funding for their care, any additional cuts to either key program is untenable.

At stake in the Washington funding debate now underway -- and in our own 2013 legislative session just around the corner – are the care quality gains we have worked so hard to achieve. A recent analysis from the American Health Care Association (AHCA) on nursing home care quality reports the government's own statistics find 9 out of 10 quality measures have improved between 2009 and 2011.

Specific to Texas, the data finds that Texas nursing homes perform better than the national average on a majority of the Quality Indicators examined on a quarterly basis by the Center for Medicare and Medicaid Services (CMS). Additionally, a 2010/2011 *My InnerView, Inc.* report on resident satisfaction indicated 87 percent of customers nationwide rated their nursing home as an "excellent" or "good" place to receive care. I'd like to now turn this over to Darlene, and she can explain far more about the 21st Century nursing home, our patients, and the growing challenges involved.

DARLENE:

Over the past several decades, the role of nursing facilities in Texas and throughout the nation has changed dramatically – and that is apparent as soon as one enters the door of my facility, Autumn Winds Retirement Lodge, in Schertz, TX. The 21st Century nursing home is no longer a place where only the elderly or disabled turn to when there is no hope of

recovery. The care that the modern nursing facility offers is becoming progressively more medically complex, accommodating a much wider variety of care services than ever before.

I have been proud to witness a progressive transition in our role in the health care system. Nursing facilities like ours are increasingly utilized as sites for post-acute, rehabilitative care where an evolving patient population seeks short-term care that ultimately results in a return home to active lifestyles.

Around the state, many nursing homes serve a key service in transitioning consumers from hospital or acute care treatments back to their homes. In many urban areas, the length of stay in nursing homes is a matter of a few weeks.

At Autumn Winds, we generally have longer stay residents but we have also changed greatly over the last several years and have made many care improvements. The improvements we have made over the years all are aimed at providing a more “home like” environment. They include extensive remodeling, installation of spa shower rooms, acquisition of consumer friendly equipment, and addition of respite services.

Overall, facilities like ours throughout Texas are an increasingly important part of our health system – especially in rural areas of our state. As you may have seen in the news recently, a facility in rural Alpine, TX closed -- and the resulting dislocation for patients, staff and the entire town has been challenging.

While there will always be patients that require traditional long-term nursing care, rehabilitation and therapy care services at Texas’ nursing facilities are expanding to offer new technologies and comprehensive therapies that can treat higher-acuity patients in a and cost-effective setting.

But this dramatic shift in care services – coupled with the fact that 10,000 U.S. baby boomers are turning 65 every day – results in a greater burden on our nation’s health care system. Echoing what Tim just said, it is now more important than ever to protect stable Medicaid and Medicare funding for skilled nursing care.

With more than seventy percent of patient funded by Medicaid and Medicare combined, the importance of these programs is crystal clear. As discussions are carried out here in Austin and up in Washington about the future of these public programs, there must be a greater general

understanding of the role facilities like Autumn Winds have within small communities like ours – as trusted caregivers, stable employers and vital contributors to the well being of Schertz itself.

As we do our part to continue meeting the health care needs of Texas' seniors, we respectfully ask lawmakers to do their part to continue protecting the stable funding needed to ensure every senior retains access to the quality care they need and deserve.

I'd like to close by saying that our growing level of collaboration and partnership with state government in preserving effective, accessible, quality care encourages us at THCA. We remain committed to continuing to improve the quality of long term and post-acute care for the benefit of every Texas senior today, and in the years and decades ahead.

Thank you.