February \_\_, 2023

The Honorable Andrea Stewart-Cousins

Temporary President and Senate Majority Leader

332 Capitol Building

Albany, NY12210

The Honorable Liz Krueger

Chair of Senate Finance Committee

416 Capitol Building

Albany, NY12210

The Honorable J. Gustavo Rivera

Chair of Senate Health Committee

502 Capitol Building

Albany, NY12210

Re: Senate Must Provide a 20 Percent Increase in Nursing Home Medicaid Rates

Dear Senate Majority Leader Stewart-Cousins, Chair Krueger & Chair Rivera -

I write to you today to support the inclusion of a 20 percent increase in nursing home Medicaid rates in the SFY 2023-24 Budget. The 5 percent increase in nursing home rates proposed by the Governor is simply not enough to alleviate the gap between Medicaid funding and costs. A 20 percent increase is needed to help nursing homes to pay rising costs, reopen beds, and alleviate back-ups in hospitals. I also urge you to support a 20 percent Medicaid increase for adult day health care (ADHC) programs, which are sponsored by nursing homes. Most ADHC programs have remained closed since the start of the pandemic.

Unfortunately, New York’s nursing home Medicaid rates have not been increased for inflation in 15 years and are among the worst in the country, with an average shortfall between costs and reimbursement of $74 per resident per day. With nearly 75 percent of nursing home care being paid for by Medicaid, these shortfalls are unsustainable and are already leading to access to care issues and driving quality, mission-driven nursing homes out of business.

As a result of this chronic underfunding, there are 6,700 fewer nursing home beds in operation today than there were in 2019. This lack of nursing home bed availability is not due to decreased demand for services. Rather, the reason there are 6,700 fewer nursing home beds in operation today is the health care workforce emergency, in effect since October 2021, and the lack of resources nursing homes have to recruit and retain staff in a competitive labor market. A nursing home’s ability to offer higher wages for hard-working staff relies on the reimbursement it receives for these critical skilled nursing services, and the primary payer for nursing home care is Medicaid.

The closure of nursing home beds as a result of inadequate Medicaid rates has prevented hospitals from discharging patients who need post-acute skilled nursing care, creating back-ups in hospital and emergency services. It is critical that the Senate move to provide a 20 percent increase in nursing home Medicaid rates, in order to bring needed nursing home beds back into operation and ensure access to quality health care for older adults and all New Yorkers seeking health care services.

Sincerely,