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NURSING HOMES CALL FOR STATE FINANCING

RIAFSA Says Impact of Supplemental Budget will be Devastating

PROVIDENCE, RHODE ISLAND, March 31, 2009: Officials of the Rhode Island Association of Facilities and Services for the Aging today called upon Governor Carcieri, RIEDC Interim Executive Director J. Michael Saul, and EOHHS Secretary-nominee Gary Alexander to provide alternative credit to the state's nursing homes in the face of additional budget cuts being proposed under the supplemental budget. In a letter faxed to the government officials, RIAFSA requested government-extended credit for the state's financially strapped nursing homes

"We're totally tapped out," said RIAFSA Director Jim Nyberg. "We were hit with an \$11.6 million budget cut in July. That, in concert with the proposed additional supplemental budget could devastate our industry to the tune of a \$24 million over the course of one year, and will only grow if implemented over a full year in FY 2010. We've made layoffs and trimmed budgets, but now we're being told to cut an additional \$12-plus million, some of which may be retroactive, meaning that we need to (as an industry) return millions of dollars to the state.

"Where's the money going to come from? We've already paid salaries and made capital purchases. The majority of nursing homes in this state already carry debt and what bank is going to extend lines of credit in this economic climate? If the state is going to implement this arbitrary cut, we need credit to help us pay back the money that the proposed supplemental budget obligates us to return as well as to continue our operations and provide quality care to our frail residents," said Nyberg.

In the letter, RIAFSA suggested that EDC could float bonds to extend the industry's credit lines to keep the industry financially stable enough to provide continuity of care. By implementing such a strategy, the state would be the guarantor of the loans.

Under the Governor's Revised Supplemental Bill, the \$12.3 million in Nursing Home cuts were restored because they could be replaced with part of the \$140 million in Medicaid funds made available under the federal stimulus package. But this latest proposed Supplemental Budget (Substitute A) reinstates those cuts, raising the question of how the Medicaid funds are used. "Weren't those funds intended to help states avoid Medicaid cuts to ensure our frailest populations receive the care they need?," questioned Nyberg.

"The impact of the proposed supplemental budget will be devastating to our industry," Nyberg added. "We've tightened our belts and made tough decisions over the last year; we supported the Global Medicaid Waiver and are helping to redefine the future of long-term care. We're working with legislators to redefine our industry, recognizing the need for change. This proposed cut feels like a slap in our collective faces. It's arbitrary and capricious and it's the healthcare workers and the elders in our care that will pay the price if it's implemented and no credit is extended to help us deal with the losses to our industry."

RIAFSA was founded in 1989 and represents the continuum of long term care providers in Rhode Island, including not-for-profit nursing homes, assisted living facilities, and senior housing providers, as well as adult day health centers. The mission of the association is to advance excellence in the field by fostering innovation, collaboration, and ethical leadership; advocating for sound public policy; providing education, collaboration, and professional development; valuing older people and their right to make choices; and promoting a continuum of services. RIAFSA is an affiliate of the American Association of Homes and Services for the Aging.

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