



Representing Utah's Quality Leaders in Long-Term Care

Medicare Only Moratorium

Background - In 2007 the legislature passed H.B. 369 which put a moratorium on new Medicare beds. That moratorium is scheduled to sunset in July of 2011. We are asking for a 5 year extension of the moratorium. We believe the elimination of the Medicare only moratorium will be detrimental to the residents of our facilities as well as the Medicaid program and will be costly to the taxpayers of Utah.

- Free Market – The Long Term Care Profession is not a free market system
 - Over 80% of our pricing is set by government
 - Patient supply set by government
 - We are more like a public Utility
- Competition – We are 65% occupied. All buildings have empty beds and compete for patients
 - Eliminating the Medicare moratorium will actually decrease competition by putting Medicaid providers out of business leaving fewer facilities
 - Rural areas will lose Medicaid providers forcing families to travel long distances to place family members.
- Cost Shifting - We need Medicare to cover underfunding of Medicaid
 - Medicare pays \$400 - \$450 per day Medicaid \$168
 - Medicaid currently underfunds about \$16 per patient per day while Medicare is profitable
 - Providers will go out of business with just Medicaid – Who will care for the Medicaid patient
- New legislation 3 years ago to allow the moving and relocating of existing beds, without adding beds to the system. It is just starting to work. It needs more time
- We are just now getting the Medicare only beds on line that were grandfathered in under the current legislation. We need more time to see the effects of that before we allow more beds to be built.
- 35 - 39 states have some type of Certificate of Need or Moratorium process
- Our current rate has no new money from the state since 2003. It will decrease costs to Medicaid to operate at a higher occupancy rate. With an increase in occupancy, the demand for new money will be minimized. The bed tax is almost maxed out and we will soon need to come to the state for more money. Keeping the moratorium in place will help increase occupancy which reduces our need for more new money.

UTAH HEALTH CARE ASSOCIATION						
	Medicaid Days	Medicaid Cost	Medicaid Revenue	Shortfall	Shortfall %	
Medicaid Shortfall						
2009 Actual	1,032,866	\$179,166,650	\$161,978,954	-\$17,187,696	-10.61%	
2010 Projected	1,019,391	\$181,232,780	\$164,670,905	-\$16,561,875	-10.06%	
2009 Total (Actual)		Total Cost	Total Revenue	Profit	Profit %	
Medicaid and Medicare	1,859,349	\$390,857,230	\$401,448,240	\$10,591,010	2.64%	