



**Florida
Health Care
Association**

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New Florida Economic Impact Study: Obama Administration Implementation of Bush-Era Medicare Regulation Will Cost State \$132.2 Million in Business Activity, Cut Over 1,960 Jobs
Reed Warns Job Loss in Key Economic Sector Contradicts Administration's Own Economic Stimulus Objectives, Undermines Broader Health Reform Goals

Tallahassee, FL – In releasing a new economic impact study detailing the importance of the skilled nursing facility (SNF) sector to Florida's economic activity and employment base, the Florida Health Care Association (FHCA) today warned implementation by the Obama Administration of a Bush-era Medicare regulation in the months ahead will substantially undercut the President's own economic stimulus and job creation policies, and derail important health delivery system reforms currently benefiting Florida seniors and taxpayers.

The economic impact analysis from the American Health Care Association (AHCA) and the Alliance for Quality Nursing Home Care finds the Administration's proposed one-year \$1.05 billion national reduction in Medicare Part A SNF expenditures – projected to be a \$7.23 billion five-year cut on a national basis by the Administration's proposed budget – has a substantial, negative impact on Florida's overall economy. The estimated economic impact on Florida in the year ahead, according to the study, will be a reduction of \$132.2 million in business activity, a reduction of \$65.9 million in labor income, and a loss of 1,960 jobs. The estimated economic impact on the U.S. economy in the year ahead will be a reduction of \$2,538,574,941 in business activity, a reduction of \$1,102,133,619 in labor income, and a loss of 30,323 jobs.

The following schedule illustrates the direct, indirect, and induced impact of the proposed Medicare cut on the U.S. economy for FY 2010:

Economic Impact of Medicare Nursing Facility Payment Cutback for Fiscal Year 2010

Florida

	Direct	Indirect	Induced	Total
Business Activity Impacts	(\$) 78,425,424	16,802,106	37,018,261	132,245,791
Income Impacts	(\$) 47,868,501	5,747,229	12,319,223	65,934,953
Employment Impacts (Jobs)	1,502	137	321	1,960

Direct Effect represents the impact (e.g., change in employment or revenues) for the expenditures and/or production values specified as direct final demand changes.

Indirect Effect represents the impact (e.g., change in employment) caused by the iteration of industries purchasing from industries resulting from direct final demand changes.

Induced Effect represents the impacts on all local industries caused by the expenditures of new household income generated by the direct and indirect effects of direct final demand changes.

Total Impact is the sum of the direct, indirect, and induced effects.

Labor Income is the sum of employee compensation and proprietary income.

Economic Impact Analysis: Impact Analysis For Planning (IMPLAN) software, Minnesota IMPLAN Group, Inc., 2007 data.

Prepared by Research Department of American Health Care Association using IMPLAN software, 2007 claims data, and components of proposed SNF PPS rule for fiscal year 2010.

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Representing the Florida Long Term Care Community

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“While we will continue to strongly support the new Administration’s effort to create jobs, stimulate economic growth and reform health care, we intend to make sure the Florida congressional delegation and public-at-large understands that going forward with this Bush-era Medicare regulation will, in fact, cut good health jobs, undermine economic stimulus initiatives, and derail efficiency improvement efforts already benefiting beneficiaries and taxpayers,” said Emmett Reed, Executive Director of FHCA.

This comes at a time when the long term care industry is already facing major challenges due to the economic recession. A recent study of proprietary nursing homes by Dobson DaVanzo & Associates LLC found that "while there may be vacant positions that could be filled, one third of our respondents spoke of having to freeze jobs in their facilities and forgo filling these positions." Wages for current employees were also not increasing as a result of the economy, the study found.

“If put into effect, the Medicare regulation will not only slow the creation of new jobs in one of the few sectors showing job growth in Florida, it also would make it much harder for SNF’s to deliver the kind of long term reductions in costs so crucial to effective health care reform,” continued Reed. “SNFs are caring for a growing number of short-stay post-acute patients at substantial savings to the Medicare program, and the Bush-era regulation could halt this movement in its tracks. This is bad policy, pure and simple – and needs to be overturned.”

ABOUT THE FLORIDA HEALTH CARE ASSOCIATION

The Florida Health Care Association (FHCA) is a federation which serves nearly 1,000 members and represents over 500 long term care facilities that provide skilled nursing care, short-term rehab, assisted living and other services to the frail elderly and individuals with disabilities in Florida. FHCA was founded on the premise that its members have a moral obligation to the residents they serve, and since 1954 the Association has worked diligently to improve quality of care and quality of life for the state’s growing elder care population. For more information about the Florida Health Care Association, visit www.fhca.org.

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