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**Nursing Home Resident Advocacy Group Calls
Market Response to Medicare Cuts an 'Overreaction'**

WASHINGTON D.C.— Today, Brian Lee, Executive Director of Families for Better Care, called the Standard and Poor credit warning against the for-profit nursing home sector and last week's nursing home stocks tailspin an "overreaction" to the Center for Medicare and Medicaid Services' (CMS) limited 11.1% cut in Medicare payments.

The rate correction comes in the wake of a CMS review that unearthed "an unintended spike in payments" and is intended to "better align Medicare payments with costs." Some analysts believe these adjustments will only drop total revenues by "a bit more than two percent."

"The action by CMS was necessary to control spending without compromising on the quality of resident care," commented Lee. "This correction will force the industry to limit fraudulent activity and properly realign excessive costs. It is clear that in recent years nursing home conglomerates have gotten too rich off the bedsores-ridden backs of America's most frail and vulnerable population."

A *Des Moines Register* editorial this week demanded that nursing homes become what they were meant to be, "places caring for the elderly" and "should not be viewed as profit-centers."

The overarching problem may be that the industry has sold policymakers a story that supposedly low reimbursement rates result in providers often teetering on the brink of nominal profit margins or risk falling into the abyss of bankruptcy while the truth is that these payments are excessive. "The nursing home industry's portrayal is a ruse as contradicting data demonstrate an enterprising health care business that still reports strong economic growth, exceptional earnings and high profit margins," said Lee.

An analysis of publicly traded, multi-facility companies over the past four years show an exceedingly high return on investment for shareholders with overall industry returns exceeding \$800 million. Another benchmark used by analysts to underscore the industry's financial solvency is the average price paid per nursing facility bed. Since 2003, the cost per bed for nursing homes has more than doubled, indicating sustainable growth—even setting a record level in 2010 at \$62,500.

Lee and his group continue to call for an immediate disclosure by the industry of its overall and aggregate organizational structures and profitability including, but not limited to, any nursing home corporations, limited liability companies, affiliated corporations, or private investment funds so the government can knowledgeably fund resident care.

Lee also believes that if the industry does not come clean with this data soon, they should no longer expect to receive as much of a government handout (nearly 80% of the nursing home industry revenues are bankrolled by taxpayers).

Brian Lee served as the State of Florida nursing home and assisted living resident ombudsman for most of the past decade. He now serves as the Executive Director of the long-term care resident advocacy group; Families For Better Care, Inc.

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