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Media Contact: Alex Weintz; Alex@FKGconsulting.com

Health Care Providers Urge Legislature to Use Federal Dollars to Support Services for the Elderly and Persons with Developmental Disabilities

OKLAHOMA CITY – Health care professionals who care for elderly Oklahomans and individuals with developmental disabilities are asking state lawmakers to take advantage of increased federal funding available in the coming year.

Previous reductions in federal funding have led to deep cuts in Medicaid reimbursement rates, contributing to Oklahoma hospital and nursing home closures, reductions in services and long wait-lists for care. A change in the federal funding formula could unlock over \$170 million in additional federal funds and could begin reversing those cuts. The funds can be available if the state Legislature directs the Oklahoma Health Care Authority to restore provider rate cuts to help ensure access to health care services for Oklahoma seniors and individuals with disabilities.

Nursing homes, in-home care providers and rural hospitals are all heavily reliant on Medicaid for funding. Funding for Medicaid is provided by state appropriations that are matched by federal dollars. The current matching rate is \$.58; meaning that 58 cents of every dollar spent on Medicaid in Oklahoma comes from the federal government.

Oklahoma recently received the good news that its matching rate for federal funds (called Federal Medical Assistance Percentage funds, or “FMAP”) is being increased from \$.58 to \$.62. Because of the higher matching rate, Oklahoma health care providers will see an increase in dollars if the state simply maintains the same level of state funding as last year. Maintaining

state funding at current levels would generate a \$94 million increase in federal funds for Oklahoma hospitals, a \$50 million increase for in-home care services for developmental disabilities and a \$37 million increase for nursing homes.

Nico Gomez, president and CEO of Care Providers Oklahoma, said skilled nursing facilities desperately need the additional resources to be invested in health care and, specifically, Medicaid reimbursement rates.

“Our reimbursement rate is so low that it is going to be impossible for many of our facilities to keep their doors open,” said Gomez. “Our homes are losing an average of \$300,000 a year on unreimbursed expenses for Medicaid-funded residents. That’s just not sustainable. If our lawmakers care about providing quality care to the vulnerable and elderly, at some point we need to invest in our Medicaid program rather than trying to ‘tread water’ every year.”

While nursing homes are struggling to keep their doors open, in-home care for the elderly and those with developmental disabilities is also suffering. Samantha Galloway, executive director of Oklahoma Community Based Providers, says the state’s underfunded Medicaid program has led to a workforce crisis. In 2017, aging and developmental disabilities service providers experienced an 82 percent turnover rate for direct support staff.

“The starting salary for an in-home care provider is \$8.58 an hour,” said Galloway. “We are paying our workers less than McDonalds and Target to do a job that can be physically and emotionally challenging. We have to get the wages for these jobs up if we expect to attract and retain good workers.”

Maintaining last year’s level of state funding for in-home care services would generate \$50 million in additional federal revenue, which Galloway says could be used to fund a \$1.05 per hour wage increase. It would also help to reduce the size of the current waiting list for state services, which stands at almost 8,000.

Hospitals also stand to benefit from increased federal funds. Like nursing homes and in-home care providers, they have suffered from years of significant budget reductions. Oklahoma Hospital Association President Craig Jones said utilizing additional federal matching dollars to increase provider rates could help prevent additional closures or service reductions.

“Since 2010, Medicaid and Medicare have cut payment rates to Oklahoma hospitals by more than \$489 million annually,” said Jones. “The results have been predictable: several rural hospitals have closed, nine have declared bankruptcy and 10 additional hospitals are at risk of closure over the next 18 months. All of this has made Oklahoma a less healthy and less prosperous state. Maximizing our use of available federal dollars is an important first step in reversing this trend.”

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