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Date: 6/25/2013 12:06:51 AM
Subject: Nursing Home Rate Veto

Any objection to this text? Sorry - meant to send it to you earlier. Little hectic today... And don't worry - I'm proud to take the blame for this one. Thanks.

CLS

**Veto 22 Part IB, Page 499; Section 118, Statewide Revenue; Proviso 118.17B, Item 5(a) –
Department of Health and Human Services, Nursing Homes - Rate Increase: \$5,000,000**

The General Assembly took an enormously important step to control healthcare costs in 2011 by allowing agencies to negotiate with providers and establish payment rates without legislative approval.

Inserting a \$5 million non-recurring line in the budget to increase payments to nursing homes would completely undermine that progress for two reasons. First, it gets the General Assembly back into the business of setting provider rates. This can only increase the state's healthcare costs and add to the risk that political influence will drive our healthcare spending, instead of clinical decision-making.

Second, these funds are non-recurring, even though the increase in nursing home provider rates presumably would not be. This budget already failed to provide any new recurring support for our Medicaid program. Tacking on a \$5 million nursing home rate increase as we look ahead to a massive annualization in FY 2014-15 only adds insult to injury.

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