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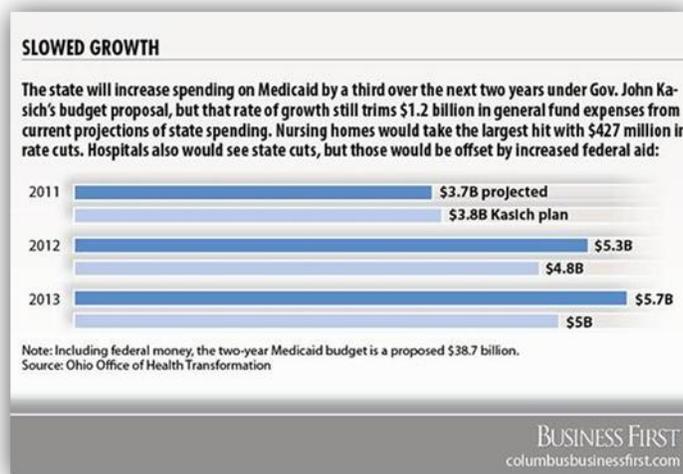
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## Medicaid cuts to nursing homes likely to deal blow to aides, suppliers

by Carrie Ghose

Even though Ohio Gov. John Kasich proposes cutting nursing home rates by an average of 7 percent under his two-year state budget, operator Allan Vrable still hopes to build in Dublin – albeit with a little less ambition.

Moves like his, and industry predictions that funding reductions could cause closures statewide, have some fearing Kasich's efforts to close Ohio's budget gap could trigger job losses in an industry where demand for services is growing.



Vrable, CEO of Vrable Healthcare Co., said if the Ohio Department of Health approves plans for his \$16.6 million, 100-bed facility, he'll forge ahead but probably scale back by about 10 percent with less-fancy finishes and smaller common areas. That'll mean \$1.7 million less for area architects, contractors and equipment dealers – one of many upstream and downstream ripples to be expected if Ohio sucks \$427 million out of nursing home spending over the next two years.

The budget seeks to increase the numbers of Ohioans in assisted-living centers or

staying home, while reducing payments for those services by 3 percent. Operators and trade groups say nursing homes that don't close will squeeze out savings on pharmacy costs, transportation, physical therapy services and equipment suppliers. But three-quarters of their expenses are in personnel.

"This is going to come out of staff," said Peter Van Runkle, executive director of the [Ohio Health Care Association](#), a nursing home trade group. "It says the 'jobs budget.' ... I suspect the Kasich administration has a different viewpoint (on) jobs funded by taxpayers rather than by sales of goods and services. They are jobs nonetheless."

Ohio's nursing homes employ about 106,000 workers and are responsible for about \$13 billion in direct and indirect economic activity, according to an analysis of federal data by the [Alliance for Quality Nursing Home Care](#). Home care aides make about half of what nursing home employees are paid, according to both industries.

All facets of Medicaid support health-care jobs, and every state dollar cut removes \$2.50 in federal aid, said Maureen Corcoran, president of the health-care consulting practice at [Vorys Sater Seymour and Pease LLP](#) in Columbus and a former Medicaid policy director under three governors.

“You certainly can debate that from a jobs perspective,” Corcoran said. “It’s pretty clear that family and consumer demand is what’s driving the trend.”

Nursing home administrators are more likely to stop admitting patients being discharged from hospitals while their Medicaid applications are pending to avoid unpaid bills if they can’t get coverage, Vrable said. That could in turn increase the average length of stay at hospitals, a big cost target for health systems.

Nursing homes also will turn to banks to refinance debt, said John Alfano, CEO of LeadingAge Ohio, the trade group for nonprofits that serve seniors. In the work force as a whole, employers can expect more absences of workers tending to family or relatives at home, he said.

Local pharmacies might benefit from a shift in business away from specialty pharmacies that serve nursing homes, said Ernest Boyd, executive director of the Ohio Pharmacists Association.

It’s cheaper to supply drugs for home care because they don’t need to be separated into individually labeled doses.

Vrable’s is one of four new nursing homes proposed last year in Franklin County. Cincinnati-based [CommuniCare Health Services](#) plans a facility for New Albany that won’t seek Medicaid residents but dropped a request to build in Dublin. A message was left with Toledo-based [HCR ManorCare Inc.](#) on its plans in Dublin.

Vrable said he’s been through plenty of budget whacks in the last 37 years, but that doesn’t change a growing market of aging seniors.

“I just want to believe (revenue) will come back,” he said. “It’s a solid industry, a needed industry.”

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