



STOP Cuts to Nursing Home Care

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Number 5

Local Economies Hurt by Rate Cut

Governor Quinn's Medicaid rate cut will cause the State of Illinois to lose \$70 million annually in federal matching funds, while putting the health and well-being of thousands of senior citizens in peril. This cut will also cost local economies a minimum of \$355 million annually in lost economic activity.

The **Kaiser Commission** on Medicaid concluded in its study *The Role of Medicaid in State Economies*: **“Cutting Medicaid not only adversely affects residents, staff and providers, but also has an impact on the larger state economy.”** There is a ripple effect on other vendors and suppliers that serve nursing facilities, as well as the loss of taxes and customer purchasing when people lose jobs.

We Need Your Help!

Please undo the Medicaid rate cut to nursing home residents. We must protect the health and well-being of residents, and prevent 7,000 health care workers from losing their jobs.

Avalere Health, a non-partisan health advisory firm, reported in the February 2011 *Care Context* white paper:

- Nursing facilities account for over 12 percent of health care employment.
- The U.S. Department of Labor projects that between 2008 and 2018, the number of health wage and salary workers will rise by 22.5 percent for 3.2 million jobs, more than any other industry.
- For Illinois, that means more than 17,000 potential jobs in nursing homes.

The latest U.S. Bureau of Economic Activity analysis indicates that Illinois nursing homes:

- Account for 79,458 jobs. (over 100,000 when part-time and specialized employees included)
- Generate a total of 120,991 jobs in the larger supply economy.
- Contribute \$10.72 billion to the Illinois economy.

Rate Cut Endangers Seniors

- Specialized Services at risk
- Safety reforms endangered
- Increased hospitalizations
- Fewer seniors going home
- \$70 million in federal funds lost
- 7,000 jobs lost

Using a U.S. Department of Commerce, Bureau of Economic Analysis model, Families USA identifies that Illinois' state economy loses \$2.39 in economic activity for every \$1 cut in Medicaid spending. **That means that the proposed Medicaid rate cut to nursing homes is \$335 million annually in lost economic activity**, according to its report *Medicaid: Good Medicine for State Economies*.

Please help us roll back the proposed cuts to protect Illinois' local economies.

