



## WAHSA Legislative Issue Brief

---

### Issue: Nursing Home Medicaid Rate Increase and Provider Bed Tax

- The Governor's budget would increase the bed tax from \$32/month per occupied nursing home bed (excluding Medicare residents) to \$116/month per licensed bed and from \$100/month per occupied ICF-MR bed to \$435 per licensed ICF-MR bed in 2003-04 and to \$445/month per licensed ICF-MR bed in 2004-05. These increases would generate an additional \$51.7 million in 2003-04 and \$49.8 million in 2004-05, which would be used to fund, among other things, an annual 3.3% rate increase for nursing homes and ICFs-MR in each year of the biennium.
- **WAHSA has not yet taken a position on the recommended bed tax increases, the change from occupied to licensed beds or the proposed 3.3% nursing home/ICF-MR rate increases.** Further analysis of the impact of these changes on member facilities is needed before an association position can be taken.
- Facilities with relatively low Medicaid census (below the statewide average of 67.4%), low occupancy, and/or costs that exceed Wisconsin's relatively low Medicaid reimbursement caps, may receive little actual increase under the Governor's recommendations.
- In fact, for some facilities, the rate increase received may not be great enough to pay for the added bed tax and will result in an actual rate cut. Plus, county homes stand to lose \$40 million annually in reduced IGT payments. Under these scenarios, additional cost-shifting to private payors and county property tax payers may occur.
- WAHSA and the Wisconsin Health Care Association had requested, at a minimum, a rate increase of 4.8% annually. This increase was the amount necessary to ensure that the 2002-03 Medicaid nursing home reimbursement formula parameters are not reduced in the next biennium. The associations' goal was to achieve funding increases to set the direct care payment at the 60<sup>th</sup> percentile and the other cost center payments at the 50<sup>th</sup> percentile. The Governor's budget recommendations fall far short of the amounts required to fund a "status quo" formula and most likely lose ground on the percentage of facility costs paid.
- If an increase in the bed tax is supported by the Legislature, there should be some assurance the rate increases/payment levels provided during the 2003-05 biennium are continued beyond June 30, 2005.

The Wisconsin Association of Homes and Services for the Aging (WAHSA) is a statewide membership organization of 198 net for-profit corporations principally serving elderly and disabled persons through programs ranging from nursing home care to assisted living to hospice and homecare. For more information, please contact the WAHSA staff at (608) 2557060: John Sauer, Executive Director ([jsauer@wahsa.org](mailto:jsauer@wahsa.org)); Tom Ramsey, Director of Government Relations ([tramsley@wahsa.org](mailto:tramsley@wahsa.org)); or Brian Schoeneck, Financial Services Director ([bschoeneck@wahsa.org](mailto:bschoeneck@wahsa.org)).