

June 25, 2003

The Honorable Jim Doyle  
Governor, State of Wisconsin  
115 East State Capitol  
Madison, WI 53702

Dear Governor Doyle:

On behalf of the 190 not-for-profit corporations WAHSA represents who provide the full continuum of long-term care services for the elderly and persons with a disability, ranging from nursing home and assisting living care to homecare, Alzheimer's support and hospice, we respectfully request your consideration for the following recommendations as you review the 2003-05 budget bill as amended:

#### **RECOMMENDATION TO ACCEPT LEGISLATURE'S POSITION/NO VETO REQUEST**

- 1) **Nursing Home Rate Increases and Bed Assessment** (Item #1 on Pages 339-341 of the June 2003 Legislative Fiscal Bureau "Comparative Summary of Budget Recommendations: Governor and Joint Committee on Finance") – WAHSA members strongly support the 3.2% MA rate increase provided to nursing homes in each year of the biennium that primarily is funded by a \$75/month assessment on all licensed nursing home beds. Both you and the Legislature have agreed that a 3% rate increase for nursing homes not only is warranted but necessary to ensure quality care in our nursing homes. Both of you agreed to fund that rate increase through an increase in the nursing home bed assessment; our support for the Legislature's position we trust is understandable since it has a much less onerous effect on the private pay residents who will be forced to pay the increased assessment.

A decrease in the proposed 3.2% MA rate increase for nursing homes could threaten the continued survival of some facilities. As you know, 24 nursing facilities in Wisconsin have closed in the past 2 years primarily due to inadequate Medicaid reimbursement and the DHFS has identified 193 other facilities as at "financial risk."

A decrease in the 3.2% rate increase also could prove to be more costly to private pay nursing home residents than the proposed \$75/month increase in the bed assessment. The average Medicaid-certified nursing facility in Wisconsin today loses \$13.72 each day for every Medicaid resident it serves because of inadequate Medicaid reimbursement. The difference between Medicaid costs incurred by Wisconsin



nursing homes and the Medicaid reimbursement they receive to pay for those incurred costs is approximately \$122.8 million. Most nursing homes are able to stay financially viable only by charging higher rates to their private pay residents to make up for their Medicaid losses. Currently, private pay nursing home residents on average pay an additional \$44/day more for their care than Medicaid reimburses for the care of a Medicaid nursing home resident. If the 3.2% MA rate increase for nursing homes were to be decreased, private pay nursing home residents once again would be asked to subsidize Medicaid underfunding and most likely at a figure significantly greater than the \$1.41/day bed assessment increase this budget will ask them to pay.

Finally, we have to admit to being mystified by recent accusations by the AARP and the Coalition of Wisconsin Aging Groups that nursing homes are not “sharing in the pain” of this budget. First of all, WAHSA members are so desperate for the 3.2% nursing home rate increase in the budget bill that they are willing to accept a 134% increase in the payment of a bed assessment they philosophically oppose. Funding our own rate increase falls under the adage of “desperate people doing desperate things;” it is an act of pain recognition, not pain avoidance.

Even more troubling, however, are the ploys of groups like the Survival Coalition of Wisconsin Disability Organizations, which have asked you to veto the nursing home rate increase. Such a position borders on moral bankruptcy; nursing homes care for individuals who are among the poorest, frailest and most vulnerable people in our society and these purported advocates wish to withhold the funds that are necessary to provide the caregivers which are essential for residents’ quality of life and health care. Quite frankly, we believe their outrage for the lack of home- and community-based long-term care funding in this budget is legitimate; however, our members cannot conceive of a circumstance where they would advocate for the diversion of funds from other needy individuals in order to satisfy their own needs. Why aren’t the frail elderly and disabled residents of nursing homes also worthy of their support and why are they seeking a veto which could jeopardize the health, safety and welfare of these most vulnerable individuals? Shouldn’t we all be fighting together to better the lives of all elderly people and persons with a disability in need of long-term care, regardless of the care-setting?

- 2) **Limit Placement of Individuals with Developmental Disabilities in ICFs-MR and Nursing Homes** (Item #6 on Pages 344-347 of the June 2003 LFB Comparative Summary Document) – These provisions were recommended by the ICF-MR Provider Work Group and were agreed upon and suggested to the Joint Committee on Finance by the Department of Health and Family Services. Their adoption will ensure consumer and family choice in the care and treatment of individuals with developmental disabilities and guarantee access to appropriate ICF-MR services.
- 3) **MA Eligibility – Personal Needs Allowance** (Item #29 on Page 338 of the June 2003 LFB Comparative Summary Document) – This provision would maintain the current \$45/month personal needs allowance for Medicaid recipients residing in nursing homes. Simply stated, those individuals need those additional funds and they deserve them.

### **INTENSIVE REVIEW REQUESTED**

- 1) **Nursing Home Bed Assessment Credit** (Page 9 of the June 19, 2003 memo from LFB Director Bob Lang on Senate Modifications to SSA1 to SB44) – This item would provide a \$6.6 million GPR appropriation to fund a \$43/month refundable income tax credit for private pay nursing home residents who pay the bed assessment. WAHSA members overwhelmingly support this measure as a means to mitigate the impact of the bed assessment on private pay residents but are fearful it may not be legal under P.L. No. 102-234, the Medicaid Voluntary Contribution and Provider-Specific Tax Amendments of 1991. If the federal Centers for Medicaid and Medicare Services (CMS) were to review this tax credit proposal and rule it out of compliance with P.L. No. 102-234, Wisconsin could be penalized over \$80 million in federal funding. If the Administration believes this proposal will be acceptable to the CMS, we support it. But if it's believed the CMS will not approve of this proposal and federal funding could be in jeopardy if the tax credit proposal becomes law, WAHSA members would support its veto.

Thank you very much for your concern for the care and well-being of all elderly and disabled individuals and for providing us with this opportunity to share our thoughts and concerns on their treatment in the budget bill now under your review.

Sincerely,

John Sauer  
Executive Director