



Legislative Issue Brief

Issue: Nursing Home Relocation Initiative/Community Integration Program

- The Governor's 2005-2007 biennial budget bill (2005 Assembly Bill 100) assumes Medicaid savings of \$1,950,700 (\$822,800 GPR and \$1,127,900 FED) in 2005-06 and \$7,234,000 (\$3,081,700 GPR and \$4,152,300 FED) in 2006-07 related to the relocation of nursing home residents to other community settings. The budget bill assumes 540 residents would be relocated in 2005-06 and an additional 900 individuals would be relocated in 2006-07. Assembly Bill 100 assumes savings of \$23.85 per day for each person relocated. This provision is part of the Doyle Administration's goal to relocate 5,500 residents to other community settings over the next eight years, a 25% reduction in Wisconsin's licensed nursing home bed capacity.
- The Governor's relocation initiative is driven by the assumption that many nursing home residents could be served more cost-effectively in the community settings which they prefer and that these settings are both available and able to provide the services these individuals need. WAHSA favors the concept of "dollars following the consumer" and offering care and service options to Medicaid recipients. WAHSA also believes that all care and service options must be both cost-effective and of appropriate quality.
- While WAHSA members both welcome and support efforts to review the appropriate placement of current nursing home residents, members have serious concerns with the Governor's relocation initiative. In its budget deliberations on this initiative, WAHSA requests that the Legislature seek answers to the following questions so that an honest assessment of the number of nursing home residents that may be appropriately relocated and the cost/savings of achieving these relocations can be determined:
 - ***What methodology was employed by the Department of Health and Family Services (DHFS) to arrive at the projected daily savings to Medicaid of \$23.85 per person assumed under AB 100?*** In order to estimate the cost of serving persons relocated from the nursing home, the DHFS compared the cost of nursing home care to the average cost of serving "comparable" clients in Family Care and under the Medicaid waiver programs. WAHSA members believe this method understates the actual cost of serving persons relocated from the facility since it is based on serving clients with lower care and service needs. It is worth noting that an October 31, 2003 eighty-seven page report by the University of Wisconsin-Madison Center for Health Systems Research and Analysis (CHSRA) documents the acuity and behavior differences between nursing home and community-based program populations, including those served by the Family Care program. This report, *Wisconsin Long Term Care Functional Screen Analysis: Final Report for Wisconsin Department of Health and Family Services*, concluded that nursing home residents have far greater care and service needs than persons enrolled in the Medicaid waiver programs, including Family Care (see attached). Therefore, the projected relocation savings assumed under AB 100 are likely to be significantly overstated because the compared populations are not comparable. Although the budget bill assumes significant savings related to the Governor's relocation initiative, there is no requirement that documentation of these savings be produced. ***Shouldn't the DHFS be***

required to submit to the Legislature an accounting of the costs and savings associated with this initiative?

- WAHSA recently obtained the attached printout from the DHFS indicating their projections of the number of residents, by facility, assumed appropriate for relocation as of April 1, 2004. Based on feedback from member facilities, it would appear that many, if not most, of the residents assumed appropriate for relocation would be difficult to care for outside of a skilled nursing facility, particularly at a lower cost to the Medicaid program. Indeed, as noted by the CHSRA study, nursing home residents, even those at the “lower care levels,” require the availability of 24-hour care and services. These residents typically have both medical and physical needs, and often present behavioral challenges and dementia-related conditions. ***How will these residents have their ongoing long term care needs met outside of a licensed nursing home?***
- The printout referenced above showing the number of residents within each of the state’s nursing homes that have been determined by the DHFS to be appropriate for relocation does not include the Wisconsin Veterans Home in King. The Governor’s budget bill would increase funding for the Wisconsin Veterans Home by \$956,000 in 2005-06 and by \$1,261,600 in 2006-07 to increase direct care staffing by 33.0 positions at that facility. The bill also would provide \$688,300 in 2005-06 and \$8,408,300 and 108.5 positions in 2006-07 to operationalize a 120-bed skilled nursing facility for veterans in Union Grove. WAHSA supports the funding of long term care and services for veterans and applauds the Governor’s recognition of this need for nursing home care. It is somewhat ironic, that at least 280 of the 565 Medicaid residents (April 2004 census) at the Wisconsin Veterans Home at King would be deemed appropriate for relocation based on a WAHSA review of the DHFS methodology. Perhaps the Wisconsin Department of Veterans Affairs knows more about the appropriate utilization of nursing homes and consumer needs than DHFS.
- Under the federally-required nursing home resident assessment process, facilities are required to determine whether the “resident expresses/indicates preferences to return to the community.” (MDS Section Q1) Of the residents assumed by the DHFS as appropriate for relocation, approximately 88% did not express a desire to leave the nursing home. ***Has DHFS completed an analysis to determine: (1) which residents would desire and be appropriate candidates for relocation and whether these residents have any family support system in place to assist with the resident’s care?; (2) the type of care setting to which these resident could be relocated and at what cost?; and (3) whether alternate care settings with the appropriate staffing are available to serve the number of persons projected to be relocated from nursing homes?***
- From 1998 to 2003, Wisconsin’s licensed nursing home bed capacity decreased by nearly 7,000 beds, a 15% reduction. Over this period, approximately forty nursing homes have closed and, as a result, some areas of the State are reporting lack of access to Medicaid-certified nursing home beds. ***Has the DHFS determined the impact of the Governor’s relocation initiative on statewide access to nursing home care?***
- The Family Care program currently operates in Fond du Lac, La Crosse, Milwaukee, Portage and Richland Counties. In these five counties, Medicaid-eligible persons are entitled to a full range of home and community-based care. Despite the presence of Family Care in these areas, there has been no discernible impact on nursing home census in these counties (except in Milwaukee County, where inadequate Medicaid reimbursement, not the presence of the Family Care program, has resulted in a number of nursing home closures). ***If the cost of nursing home care exceeds the cost of community care by \$23.85 per resident per day, and if people prefer community-based care, why haven’t the Family Care organizations***

relocated the 1,100 nursing home residents within these five counties identified by the DHFS as appropriate for alternate placements?

- ***What daily rate will be available to pay for persons relocated from a nursing home?*** The community daily rate should be tied to the actual rate paid to the nursing home for the resident to be relocated. DHFS officials have indicated they intend to provide counties with a community daily rate based on the “average” nursing home rate. Under that arrangement, if residents at the lower nursing home levels of care (ICF 1 and ICF 2), whose cost of care is less expensive than most nursing home residents who are at the higher skilled nursing level of care, are relocated to the community, it would be possible for community costs to exceed the actual Medicaid rate paid to the nursing home. Conversely, if more high acuity residents are targeted for relocation, the Governor’s initiative could generate added costs, not savings.

 - ***Will the relocation initiative target residents that have resided in the nursing home for at least 100 days?*** Since 1990, nursing home resident discharges have increased by more than 90%. This trend reflects the fact that many nursing home admissions are for short-term stays during which persons receive intensive therapy or restorative care and are discharged home once that care concludes. Many of these admissions are at least partially covered under Medicare’s 100-day nursing home benefit (In 2003, 72 percent of admissions had Medicare as the primary pay source). Although DHFS officials have suggested that the most appropriate candidates for the Governor’s relocation initiative would be long-term nursing home residents not receiving Medicare, this policy is not required under AB 100. It should be. Further, it is altogether unclear how DHFS intends to prohibit short-term placement of Medicaid recipients in nursing homes solely as a vehicle to leverage relocation dollars (a creative way to address community waiting lists and lack of funding for community care), since under the Governor’s budget proposal, those relocation funds do not divert back to the nursing home once the community placement concludes. WAHSA requests that the AB100 nursing home relocation initiative be prohibited from relocating Medicare-eligible nursing home residents and that only “true relocations” be funded under this initiative. To do otherwise could produce federal Medicare savings at the expense of the State’s Medicaid program as well as skew any analysis of the effectiveness of the relocation initiative by counting as relocations those who were eventually going home regardless of the initiative.
- **WAHSA Position: WAHSA questions the relocation numbers and the estimated savings this initiative is projected to generate. An accounting of the costs of this initiative and the savings it generates is needed. In addition, AB 100 should be amended to apply the relocation funding only to nursing home residents who have resided in that nursing home for at least 100 days.**

The Wisconsin Association of Homes and Services for the Aging (WAHSA) is a statewide membership association of 200 not-for-profit organizations principally serving the elderly and persons with a disability through programs ranging from nursing home care to assisted living to hospice and homecare. For more information, please contact the WAHSA staff at (608) 255-7060: John Sauer, Executive Director (jsauer@wahsa.org); Tom Ramsey, Director of Government Relations (tramsey@wahsa.org); or Brian Schoeneck, Financial Services Director (bschoeneck@wahsa.org).

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