



Legislative Issue Brief

Issue: Nursing Home Medicaid Rate Increase and Provider Bed Tax

- The Governor's 2005-07 budget bill (2005 Assembly Bill 100) would increase the provider bed tax from \$75/month per licensed nursing home bed to \$125/month per licensed bed and from \$445/month per licensed bed in an intermediate care facility for the mentally retarded (ICF-MR) to \$523/month per licensed ICF-MR bed in 2005-06 and \$587/month per licensed ICF-MR bed in 2006-07. These increases would generate an additional \$30,047,200, of which approximately 50%, or \$15,023,600, would be used to fund an annual 1.4% rate increase for nursing homes and ICFs-MR in each year of the biennium. The remaining \$15,023,600 would be used to support non-nursing home Medicaid benefit costs.
- Facilities with relatively low Medicaid census, low occupancy, and/or costs that exceed Wisconsin's relatively low Medicaid reimbursement caps, may receive little actual increase in their MA reimbursement rates 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 \$17 million annually in reduced intergovernmental transfer program (IGT) payments. Under these scenarios, additional cost-shifting to private payers and county property tax payers may occur.
- WAHSA originally had requested, at a minimum, a rate increase of 5% annually. This increase was the amount necessary to ensure that the 2005-06 Medicaid nursing home reimbursement formula parameters are not reduced in the next biennium. 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. In 2003-04, only 20.2% of Wisconsin's 403 nursing homes were fully reimbursed by Medicaid for their allowable Medicaid costs. The typical Wisconsin nursing home incurs an annual Medicaid loss of \$430,000.
- GPR dollars have not been used to provide Medicaid rate increases to nursing homes since the 1993-95 state budget. Nursing home MA rate increases since then have been funded solely through a combination of IGT transfers and bed taxes.
- **WAHSA POSITION: Opposition to the proposed bed tax increase; support for a GPR-funded Medicaid rate increase of 3.1% (the Wisconsin skilled nursing facility market basket inflationary measure) in each year of the 2005-07 biennium.**

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 (tr Ramsey@wahsa.org); or Brian Schoeneck, Financial Services Director (bschoeneck@wahsa.org).