Wisconsin Association of Homes and Services for the Aging, Inc.

204 South Hamilton Street • Madison, WI 53703 • 608-255-7060 • FAX 608-255-7064 • www.wahsa.org

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Jason Helgerson, Administrator
Div. of Health Care Access & Accountability
Department of Health Services
1 West Wilson Street
Madison, Wisconsin 53707-0309

Fredi Bove, Interim Administrator
Division of Long Term Care
Department of Health Services
1 West Wilson Street
Madison, Wisconsin 53707-0309

Subject: WAHSA Recommendations on DHS Rate Reform Initiative-- Long Term Care

Dear Mr. Helgerson and Ms. Bove:

Thank you for the opportunity to comment on the long term care components of the Department's Rate Reform Initiative. The comments contained herein reflect the views articulated by hundreds of WAHSA members during the past week and the feedback obtained from several vendors serving our long term care facilities (MDS software companies). We strongly urge you to adopt the following modifications to your Rate Reform package; they are advanced to protect resident care and services and help retain our dedicated and caring nursing facility staff:

Alternative Cost Savings--Medicaid Divestment and Nursing Home Relocations/Diversions: As indicated in our June 1, 2009 submission on Rate Reform and our conversations with you this week, WAHSA strongly recommends that the Department modify current Medicaid divestment provisions to extend their applicability to non-institutional care and services. It is estimated that doing so will produce Medicaid savings in the neighborhood of $10-$15 million over the biennium. Given the Medicaid program's deteriorating financial condition and the growing number of elderly persons projected to be eligible for this program in the coming decades, now is the appropriate time to implement these changes. In addition, WAHSA recommends that the Department expand its ongoing efforts to relocate and divert persons from nursing homes. Our association has long supported the concept of "the dollars following the consumer" and enabling persons to live in the most appropriate, cost-effective setting possible. Our recommendation is to further expand the relocation and diversion programs to produce an additional $4-5 million of Medicaid savings over the biennium. We suggest that the Department target this effort to counties in which Family Care will be implemented late in the current biennium or after June 30, 2011.

In total, our recommendations will produce approximately $14 to $20 million in savings which in turn could be utilized to reduce the overall level of long term care cuts identified in your Rate Reform package. Our recommendations on the specific items that should be eliminated or modified are addressed below.

Nursing Home "Never Event" Penalties: No single item contained in the Department's Rate Reform package has generated as much outrage and opposition from our membership as the proposal to "Create an Incentive for Nursing Homes to Avoid Adverse Health Events." This is neither an incentive program, nor will it help build a partnership between the Department and the provider community. Instead, if this item is allowed to go forward, the Department will destroy the good will established via joint quality improvement efforts (pressure ulcer collaborative, Wisconsin Clinical Resource Center, Advancing Excellence, and Wisconsin Coalition for Person Directed Care). Implementation of this punitive "incentive" program will send a clear signal to Wisconsin's nursing home caregivers that the Department intends to punish nursing home staff via the regulatory *and* reimbursement systems. How much more does the Department think our nurses and certified nursing assistants can take before they permanently exit the field? This proposal will cause more caregivers to simply give up and quit. It will fuel litigation and endless appeals and hearings, and add to the overall cost of long term care. Please reconsider this proposal and fully evaluate the negative fallout that would be created by its implementation. In doing so, I am confident that you will reject this item. And, because we have identified alternative Medicaid savings, this item can be eliminated without increasing the deficit.

MDS Quarterly Assessments: After much deliberation regarding the Department's proposal to require nursing homes to complete a RUGable quarterly MDS for each resident, WAHSA members recommend the following: (1) Facilities should be given additional time to implement this change; (2) Additional nursing home payments should be provided to cover the additional administrative expense; and (3) Consideration should be given to using the existing Medicare 4-page MDS quarterly form to produce RUGable Medicaid MDSs.

Facilities and software vendors have indicated that it is not reasonable to assume that changes to the quarterly MDS process can be implemented over the course of the next few weeks. Depending on the form selected, appropriate departmental staff training must be scheduled and conducted, software changes/updates operationalized, and assessment and billing systems tested. All of this cannot reasonably be accomplished by August 15th. WAHSA recommends that the implementation of this item be delayed and that no savings be assumed for the current fiscal year.

The cost of implementing RUGable MDSs also must be considered. WAHSA conservatively estimates that this proposal will increase resident assessment and data entry time by approximately 30 minutes per resident assessment, depending on the form selected. Statewide, the added cost to facilities will approach $2.0 million, or about $.25 per resident day. WAHSA requests that this increase be reflected in the formula adjustments. Just as ADRCs and MCOs will be given additional resources to plan for nursing home relocations and diversions as necessary to produce greater Medicaid savings, WAHSA argues it is appropriate to increase nursing home payments to cover additional MDS-related costs in order to achieve the projected resident acuity savings.

Members discussed at length which form should be required in order to produce RUGable quarterly MDSs. The Department has proposed that a 3-page MDS form (*Optional Version for RUG-III 1997 Update*) be required for all Medicaid quarterly assessments. A number of MDS software and clinical consultants and nurse administrators have counseled WAHSA to reject this recommendation. Although the association continues to evaluate the various forms and implementation considerations, it would appear that utilization of the *MDS Medicare PPS Assessment Form* (July 2002) may be a better choice to produce RUGable MDSs for the Medicaid population. Unlike the 3-page form, most facility interdisciplinary assessment teams already are familiar with the Medicare quarterly form and most MDS software programs incorporate this form in their current applications. If the Medicare form is chosen, fewer software modifications would be necessary and in-service training should be less complicated and stressful for the assessment teams. On the down-side, the longer Medicare form will require added time to complete. We are continuing to evaluate this issue and will follow-up with your staff prior to August 1st.

The cost of delaying implementation of the quarterly MDSs and the formula payments to cover the additional nursing home workload associated with this proposal can be fully offset by the alternative savings identified above (i.e., closing Medicaid divestment loopholes and nursing home relocations/diversions).

Eliminate Enhanced Nursing Home Property Payments: Our third priority recommendation is to oppose the elimination of the enhanced nursing home property payment. This proposal is nothing more than a rate cut for approximately ½ of all Wisconsin nursing homes. The fact that these facilities have relatively high property values and low capital debt should not lead to the conclusion that these enhanced payments are not necessary or appropriate. In truth, these homes generally are experiencing substantial Medicaid losses and without these payments fewer dollars will be available to fund resident care and services.

Using our alternative savings estimates, we believe the elimination of the "never events," the proposed modifications to the MDS quarterly assessments, and restoration of the enhanced property payments all can be achieved within the budget parameters identified in your Rate Reform package.

Again, thank you for the opportunity to comment on the proposed long term care items contained in the Department's Rate Reform Initiative. We look forward to hearing from you on our recommendations.

Sincerely,

{Submitted electronically}

John Sauer
Executive Director

cc James Johnston, DHCAA, Bureau of Fiscal Management