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Budget Request for Wisconsin's Nursing Facilities

The Problem: Wisconsin faces a crisis in the shortage of available frontline caregivers with fewer people choosing to work in long-term care facilities and/or remain in the field.

- **The Long-Term Care Workforce Crisis: A 2016 Report**, the largest survey of Wisconsin's nursing and assisted living facility providers in the state's history, included the following key findings:
 - **1 in 7** direct caregiver positions in Wisconsin's nursing and assisted living facilities currently are vacant, with more than **11,500** job openings in LTC facilities (i.e., nursing facilities, community-based residential facilities, residential care apartment complexes, and adult family homes) across the state.
 - Nursing facilities had vacancy rates of **12.6%** for registered nurses (RN), **12.1%** for licensed practical nurses (LPN), and **14%** for certified nurse aides (CNA), the primary caregivers in nursing facilities.
 - **50%** of respondents said they received no applications for vacant positions.
 - **70%** of respondents reported there were no qualified applicants for their caregiver openings.
 - In attempting to cope with these shortages, LTC providers said that **84%** of the time they have been forced to use overtime, double shifts and/or other strategies to fill open hours, all of which not only are expensive but can lead to caregiver burnout and jeopardize quality.
 - **18%** of respondents stated they had been forced to limit admissions in the past year.
 - The median hourly starting wage for personal caregivers is \$10.75, compared to \$12.00 for local, non-health care employers seeking unskilled, entry-level workers.
 - **56%** of respondents said they had personal caregivers who left for jobs outside of health care, with **80%** of those stating they left for better pay, better benefits, and/or better hours.
 - **1 in 4** respondents indicated they had at least **10 employees** on BadgerCare Plus, the state's Medicaid health insurance program for low-income persons.
- **Fewer Caregivers:** Nurse aide applicants have dropped dramatically – a **17% drop** between 2013-2015. In addition, there was a **10% drop** in nurse aide certification renewals from 2014 to 2015. Fewer people are choosing to become CNAs and fewer people are remaining in that field, a frightening prospect for LTC providers who rely on CNAs to provide the bulk of care in their facilities.

The Problem: Historically inadequate Medicaid payment rates have virtually blocked long-term care providers' ability to attract and retain a workforce, which is essential to meet the ever-escalating care and service needs of Wisconsin's aging population.

- **Nation's Worst:** An April 2016 [national study](#) by Eljay/HHC ranked Wisconsin's Medicaid nursing home payments as the worst in the country when comparing payment rates to allowed Medicaid costs incurred by nursing facilities.
- **Mounting Deficits:** Wisconsin nursing facilities experienced a **\$345.5 million "Medicaid deficit"** in 2015-16. The Medicaid deficit is the difference between the costs facilities incurred caring for their Medicaid residents and the reimbursement they received for providing that care.
- **Facility Losses:** The average Wisconsin nursing facility in 2015-16 **lost \$58.46 per day** for each Medicaid resident they served, for an average annual Medicaid loss of more than \$1.0 million.
- **Hidden Tax:** Private pay nursing home residents are subsidizing Medicaid underfunding by paying rates that average nearly **\$100 per day higher** than a facility's Medicaid payment rate (average 2015-16 Medicaid payment rate: \$167.12 per day) for virtually the same care a Medicaid resident receives. This means private pay nursing home residents are each paying **\$3,000 a month more** for their care than the amount paid by Medicaid.

The Solution: Maintain the Governor's budget proposal to invest \$51.47 million all funds over the biennium in nursing home Medicaid increases and support the inclusion of a budget provision for systemic nursing facility workforce payment reform.

- Maintain the Governor's proposal to increase nursing home Medicaid rates by 2% annually to support direct care workforce and increased resident acuity; and increase rates for intermediate care facilities for individuals with intellectual disabilities (ICF-ID) by 1% annually. Further, support the Governor's proposal to increase the behavioral and cognitive impairment incentive (BEHCI) funding by \$5.0 million in each year of the biennium.
- Support a budget provision that would direct DHS to submit a proposal for consideration in the 2019-21 biennial budget that establishes systemic nursing home payment reform necessary to address the caregiver workforce crisis. Require that the proposal includes the following:
 - establishes a direct care nursing payment standard at the statewide median;
 - establishes a support services payment standard that more directly correlates payments with reasonable costs;
 - establishes direct care labor region payments with a minimum payment that does not fall below the statewide Labor Region base.

In addition, direct DHS to estimate the cost of implementing these new payment standards and recommend a phase-in schedule for achieving payment reforms. Require DHS to complete its proposal no later than September 15, 2018.

March 6, 2017