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State Budget Update

Joint Committee on Finance

Approves 2% Nursing Home Acuity Adjustment – Motion to Return the Bed Tax Skim Fails

The Legislature's Joint Committee on Finance (JFC) Tuesday addressed the Medicaid portion of 2013 Assembly Bill 40, the 2013-15 state budget bill, and on a 12-4 party line vote approved an omnibus Medicaid budget motion introduced by the Republican co-chairs of the committee which **included a 2% nursing home resident acuity adjustment** in each year of the biennium.

The acuity adjustment provision, which was contained in Governor Walker's original budget bill, would provide \$15.9 million GPR ("general purpose revenues", or state tax dollars) and \$38.6 million AF ("all funds", the combination of state and federal funds) to nursing homes over the 2013-15 biennium.

All 12 Republican members of the joint committee voted in favor of the omnibus motion; all 4 Democrats voted in opposition.

Among the other key provisions in the Republican omnibus MA motion were the following:

- **Health Care for Low-Income Persons:** Governor Walker succeeded in convincing his Republican colleagues to forgo the federal funding to expand Medicaid to individuals at 133% of the federal poverty level or under, as permitted under the Patient Protection and Affordable Care Act (ACA). At the Governor's recommendation, the Republican members of the JFC established the Medicaid eligibility cap at 100% of the federal poverty level and transferred those individuals above 100% of the federal poverty level to the federal health care exchanges. In recognition that some of those individuals will be either unwilling or unable to join the exchanges and may land in hospital emergency rooms for their care, the motion included \$30 million GPR/\$73.5 million AF over the biennium in increased Medicaid funds for one-time disproportionate share hospital (DSH) payments.
- **Family Care:** The Governor provided no funding for Family Care expansion in his budget but there was a concerted effort by individuals in northeast Wisconsin to bring the long-term care managed care program to their part of the state. However, rather than expanding Family Care to include the seven counties in northeast Wisconsin that comprise the Northeast Wisconsin Family Care (NEWFC) managed care organization (Brown, Door, Kewaunee, Marinette, Menomonee, Oconto and Shawano Counties), the motion requires the Department of Health Services (DHS) to develop a comprehensive projection of the expected future change in the need for publicly-funded community-based long-term care. The motion directs the DHS to include consideration of:
 1. Projected future growth trends in populations likely to access services;
 2. Potential or projected shifts in the use of Medicaid-allowable alternatives for this population;

3. The comparative cost efficiency of Medicaid-allowable services options to meet the needs of this population;
 4. Strategies to control the growth in Medicaid long-term care costs; and
 5. Strategies to promote keeping individuals in their own homes to reduce or delay entry into publicly-funded long-term care programs. The motion directs the DHS to submit the report summarizing the results of its analysis to the JFC by December 14, 2013.
- **Labor Regions:** The motion requires DHS, for the purposes of setting MA reimbursement rates for nursing homes, to treat Richland County as a single labor region with the counties of Dane, Iowa, Columbia, Sauk, Rock and Dodge, and to adjust payments so that the direct care cost targets of facilities in Dane, Iowa, Columbia and Sauk Counties are not reduced as a result of including facilities in Richland, Rock and Dodge Counties in this labor region.
 - **Bed Tax Skim:** Despite the efforts of many LeadingAge Wisconsin members, what was not included in the Republican omnibus Medicaid motion was a provision to return the nursing home bed tax skim.

Prior to the Republican motion, the Democrats offered their own omnibus MA motion which, among other things, would have provided nursing homes with \$20.2 million GPR/\$49 million AF in additional funds over the 2013-15 biennium to eliminate the bed tax skim. Those funds would have been in addition to the 2% nursing home resident acuity adjustment contained in AB 40.

The Democrat motion was defeated on a 4-12 vote, with all four Democrats voting in support (Senators Jennifer Shilling, D-La Crosse and Bob Wirth, D-Kenosha and Representatives Cory Mason, D-Racine and Jon Richards, D-Milwaukee) and all 12 Republicans voting in opposition.

The defeated Democrat motion also would have expanded Medicaid eligibility to 133% of the federal poverty level, eliminated the changes proposed in the budget to the estate recovery and divestment statutes, and directed the DHS to begin providing the Family Care and IRIS programs in the NEWFC region effective July 1, 2014.

The JFC is expected to conclude its deliberations on AB 40 either late today (Tuesday) or sometime tomorrow. The JFC-amended bill most likely will be taken up in the Assembly next week and by the Senate immediately after the Assembly finishes its work. Very few changes to the JFC-amended bill are expected from either house. The goal still remains to have the budget bill approved by both houses of the Legislature and signed into law by the Governor, with any line-item vetoes he issues, by the July 1, 2013 beginning of the 2013-15 biennium.

We'll have more on the budget bill in future *e-News* editions.

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