

Fact Sheet: Medicaid Underpayment for Resident Care

A comprehensive analysis of the nation's Medicaid nursing home payment systems ranked the Wisconsin system the worst in the country. The study, "A Report on Shortfalls in Medicaid Funding for Nursing Home Care" released in November 2009 by Eljay, LLP, a national accounting and long-term care consulting firm, revealed that Medicaid deficits sustained by Wisconsin's nursing facilities are the highest in the country, or twice the national average (loss per nursing home resident/day).

The national report and ranking came as no surprise to the Wisconsin nursing home community. Indeed, the Wisconsin Medicaid program's own database of facility-specific cost and reimbursement information vividly illustrates the system's inadequacies. It reveals the following:

- Medicaid recipients as of July 2010 (19,934 residents), including Family Care enrollees, comprise nearly 66% of all residents served in Wisconsin nursing facilities (30,574 total residents). Sources: Bureau of Nursing Home Resident Care, Division of Quality Assurance/Bureau of Nursing Home Services, Division of Long Term Care
- Labor costs represent approximately 73% of the total cost of providing care to nursing home residents. Nursing homes employ just under 51,000 individuals and 60% of that total are personnel performing nursing care and services (RNs, LPNs, and certified nursing assistants).
- In the 2009-2010 payment year, the difference between the total cost of the care facilities provided their Medicaid residents and the Medicaid reimbursement they received for providing that care (i.e., the "Medicaid deficit") was \$260,809,729*. The "Medicaid deficit" to care for the 828 nursing home residents enrolled in Family Care was \$9,607,552. The total "Medicaid deficit" for the nearly 20,000 Medicaid/Family Care residents in nursing facilities was \$270,435,771.
- Direct care costs, the costs to provide hands-on care to residents, represented \$149,118,467*, or 57.2%, of the total costs Medicaid failed to reimburse facilities in 2009-2010.
- Approximately 93% of the 381 nursing facilities in the state's database received a Medicaid payment in 2009-10 which failed to meet the cost of care they provided their Medicaid residents.
- Wisconsin nursing facilities on average lose \$37.71* per day for each Medicaid resident they serve. For the average Wisconsin nursing home, that results in an annual loss of \$781,900* to provide care to its Medicaid residents.
- As a result of the failure of the Medicaid program to pay the resident care costs for which it is responsible, private paying residents are compelled to pay rates that average approximately \$70 per day higher than a facility's Medicaid payment rate (Average 2009-2010 Medicaid payment rate: \$141.77 per day). It is these private pay residents, most of whom also pay the \$170 per month nursing home bed tax, who are being asked to subsidize this Medicaid underfunding.

**Excludes Family Care-related losses
October 2010*

