



## Long-Term Care 2023-2025 Biennial Budget Priorities

**Medicaid Nursing Home Payment Standard:** The Governor’s Task Force on Caregiving recommended the Wisconsin Medicaid nursing home reimbursement systems “should be reformed to create payment standards that are reflective of the actual cost of care.”<sup>1</sup> The Task Force specifically recommended “linking nursing home reimbursement rates to the actual cost of care (i.e., rates should be set at payment standards based on the statewide median (50th percentile) plus a percentage, for the cost of Direct Care and Support Services.”<sup>2</sup> The Evers Administration has embraced this recommendation and, effective July 1, 2022, began implementing nursing home payment standards consistent with the intent of the Task Force.

LeadingAge Wisconsin respectfully requests Governor Evers to include in his proposed 2023-2025 biennial budget measures to more fully adopt a Medicaid nursing home payment standard necessary to ensure the future financial viability and sustainability of Wisconsin’s nursing facilities. This request includes:

- Support the Department of Health Services’ (DHS) budget recommendation to maintain funding to preserve the recently implemented **Direct Care-Nursing payment standard** (payment related to costs for certified nursing assistants, LPNs, and RNs) at the median facility costs, plus 25 percent (the cost of continuing this payment standard is expected to be included in the DHS supplemental budget request to be made available later this year).
- Establish a **Support Services payment standard** (payment primarily related to costs for dietary, housekeeping, laundry, and administration) that mirrors the Direct Care-Nursing payment standard (i.e., the median plus 25%). Estimated Cost: \$31.1 million GPR in 2023-24 and \$35.2 million GPR in 2024-25.<sup>3</sup>
- Establish a **payment standard for the Property cost center** by updating the Medicaid reimbursement parameters to fully reflect the actual costs associated with facility expenses related to physical plant costs (debt, interest and depreciation), so that facilities can be remodeled, renovated or replaced, thereby modernizing service delivery, increasing the availability of private rooms to Medicaid residents for infection control purposes, and enhancing the quality of life for their residents. Estimated Cost: \$15.7 million GPR in 2023-24 and \$14.7 million GPR in 2024-25.<sup>4</sup>

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<sup>1</sup> Wisconsin Caregivers in Crisis: Investing in Our Future, Governor’s Task Force on Caregiving, September 2020, [www.dhs.wisconsin.gov/gtfc/gtfc-report.pdf](http://www.dhs.wisconsin.gov/gtfc/gtfc-report.pdf), pages 12-13.

<sup>2</sup> Wisconsin Caregivers in Crisis: Investing in Our Future, Governor’s Task Force on Caregiving, September 2020, [www.dhs.wisconsin.gov/gtfc/gtfc-report.pdf](http://www.dhs.wisconsin.gov/gtfc/gtfc-report.pdf), pages 28-30.

<sup>3</sup> Assumes Federal Medicaid matching rate of 65% FED and 35% GPR

<sup>4</sup> Assumes Federal Medicaid matching rate of 65% FED and 35% GPR

**Family Care Provider Fee Schedule (also referred to as Rate Bands):** The Governor’s Task Force on Caregiving also recommended that DHS develop and implement Family Care provider “rate bands based on a comprehensive and transparent rate evaluation that results in transparent, equitable and sustainable rates for home and community-based long-term care supports.”<sup>5</sup> The Task Force report noted, rate bands, also known as a fee schedule, would improve the system by increasing “the likelihood of ensuring an adequate provider network, increasing the health and safety of people needing care, and avoiding costly health care crises that occur when there is a direct care worker shortage.”<sup>6</sup> The Evers Administration has supported the development and planned implementation of a Family Care provider fee schedule and DHS has been working for several months on this project, including working with stakeholder task forces and hiring an independent contractor to assist with the analytical work for this project.

LeadingAge Wisconsin respectfully requests Governor Evers to include in his proposed 2023-2025 biennial budget funding necessary to implement the Family Care provider fee schedule. DHS has indicated it is working on developing the 2023-2025 biennial budget estimated costs to implement the fee schedule and expects a supplemental budget request will be ready for consideration by the Governor later this year (the DHS budget request also includes base funding to continue the Family Care 5% rate increase funded by ARPA dollars in FY 23). A portion of the costs associated with this initiative is expected to be covered by existing ARPA dollars. According to DHS, it is expected that the Family Care provider fee schedule would not be implemented until calendar 2024. LeadingAge Wisconsin’s request is that:

- The Governor’s budget proposal include the dollars necessary to **adopt the Family Care provider fee schedule**, effective January 1, 2024. The cost of this proposal is being determined by DHS. LeadingAge Wisconsin believes that if the Family Care fee schedule is to appropriately reflect the actual cost of care and services, provider funding would need to be increased in the range of 20-25%. DHS’s HCBS ARPA plan anticipates covering an unspecified portion of these costs. )<sup>7</sup>
- Once the Family Care fee schedule is implemented, the **MCOs should be prohibited from reducing any provider rate** for a currently enrolled Family Care member. `
- The Governor’s budget include **6-month bridge funding** to pay for provider rate increases for the period July 1, 2023 to December 31, 2023, prior to the implementation of the fee schedule. These dollars should be allocated as “directed payments” to ensure the dollars are awarded to providers and not retained to cover Family Care MCO administrative and overhead expenses (some of these costs may be covered by ARPA dollars).

*November 29, 2022*

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<sup>5</sup> Wisconsin Caregivers in Crisis: Investing in Our Future, Governor’s Task Force on Caregiving, September 2020, [www.dhs.wisconsin.gov/gtfc/gtfc-report.pdf](http://www.dhs.wisconsin.gov/gtfc/gtfc-report.pdf), page 11.

<sup>6</sup> Wisconsin Caregivers in Crisis: Investing in Our Future, Governor’s Task Force on Caregiving, September 2020, [www.dhs.wisconsin.gov/gtfc/gtfc-report.pdf](http://www.dhs.wisconsin.gov/gtfc/gtfc-report.pdf), pages 27-28.

<sup>7</sup> Wisconsin’s Plan American Rescue Plan Act (ARPA) 10% Home and Community Based Services Enhanced Funding, Dept of Health Services, [www.dhs.wisconsin.gov/publications/p03048.pdf](http://www.dhs.wisconsin.gov/publications/p03048.pdf), page 3.