

Nursing Home Funding Request

2015 Senate/Assembly Bill 21, the 2015-17 state budget bill(s), not only fails to provide nursing homes with a Medicaid rate increase; unlike the previous two budgets, SB/AB 21 also fails to provide nursing homes with an acuity adjustment. If SB/AB 21 is not amended to provide nursing homes with additional funding, just over 88% of Wisconsin's 376 nursing homes will receive a cut in their July 1, 2015-June 30, 2016 Medicaid rate.

In response, nursing homes are seeking a 2% Medicaid increase in each year of the biennium to be funded by a return of the nursing home bed tax "skim" and a .76% acuity adjustment.

- **Bed Tax "Skim"** – In the 1991-93 state budget, a \$32/month assessment was placed on all occupied nursing home beds, excluding beds occupied by Medicare beneficiaries, "for the privilege of doing business in this state." This was referred to as the nursing home bed tax. Its initial intent was to generate federal Medicaid matching funds that would be used exclusively to fund nursing home resident care.
- Over time, however, "the rules of the game" have changed. The nursing home bed tax now is \$170 per month and is applied to all licensed beds, including Medicare beds and regardless of occupancy. The bed tax is passed on directly to many private-paying nursing home residents. In addition, since 2009, over \$280 million in federal Medicaid matching funds generated by the nursing home bed tax have been "skimmed" to help balance the state budget by offsetting Medicaid base expenditures rather than to fund MA rate increases for nursing homes as originally intended.
- During the 2010 gubernatorial campaign, candidate Scott Walker said he considered "the use of bed tax payments made by facilities and residents for purposes other than improvement of resident care to be unethical."
- **It is estimated that a return of the remaining nursing home bed tax "skim" would cost \$6.2 million GPR/\$15.0 million AF over the biennium.**
- **Acuity Adjustment** – The 2011-13 state budget included an acuity adjustment of 1% in each year of the biennium for nursing homes; a 2% nursing home acuity adjustment was provided in each year of the biennium in the 2013-15 state budget.
- An acuity adjustment simply is the recognition of the increased care costs of nursing home residents.
- The Department of Health Services had identified a .76% nursing home acuity adjustment for 2015-17 but that adjustment was not funded in 2015 SB/AB 21.

- **The estimated cost to fund a .76% nursing home acuity adjustment is \$7.8 million GPR/\$18.7 million AF over the biennium**

The estimated biennial cost to fund a return of the nursing home bed tax “skim” and provide for a .76% nursing home acuity adjustment is \$14.0 million GPR/\$33.7 million AF.

Approximately 65% of nursing home residents are Medicaid/Family Care enrollees. Therefore, nursing facilities are heavily reliant on Medicaid funding. At the same time, those facilities are attempting to compete in the marketplace with the WalMarts and Starbucks of the world for employees whose job responsibilities and the difficulty of the work are barely comparable. **Who is going to care for our loved ones in the future if nursing homes are unable to find the funds necessary to recruit and retain competent and compassionate staff?**