

Budget Request for Wisconsin's Nursing Facilities

The [Governor's Task Force on Caregiving](#) overwhelmingly voted to support 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 an additional percentage, for the cost of Direct Care and Support Services.

Building on the recommendations of the Task Force, the Governor proposed an investment of **\$94.6 million GPR** in funding over the biennium to support nursing homes. This would result in funding increases for nursing homes rates of 11.5% in fiscal year 2022 and additional 11.7% increase in fiscal year 2023.

LeadingAge Wisconsin and the Wisconsin Health Care Association requests the funding proposal be included in the 2021-2023 biennial budget. Here's why:

Diminishing Access to Care:

- Access to quality nursing home care has been threatened and compromised due to reductions in bed capacity and availability.
- Since 2016, 41 nursing homes have closed; during the most two recent calendar years, more than 3,000 nursing home beds were lost, reducing nursing home bed capacity by approximately 10%.
- As a result, hospitals report difficulties in securing post-acute care placements for their patients and some communities are without a long-term care facility. This affects not only access to care, but also employment opportunities and economic growth for residents and other businesses.
- A 2019 LeadingAge Wisconsin [Nursing Facility Access Study](#) projected that nearly every Wisconsin county will experience a nursing home bed shortage by the year 2027.

Ongoing Workforce Crisis:

- [The Long-Term Care Workforce Crisis: A 2020 Report](#) showed that 1 in 4 direct caregiver positions in Wisconsin's nursing homes and assisted living facilities were currently vacant.
- The 2020 provider survey found there were as many as 20,655 job openings in long-term care (LTC) facilities across the state.
- Thirty-three percent of survey respondents reported they were unable to admit new residents or tenants due to the inability to fill caregiver job vacancies.
- The ongoing workforce crisis is forcing many providers to either limit admissions or rely on current caregivers to work double shifts or overtime, which is leading to caregiver burnout, and an inability to retain and attract staff.

Covid-19 Created the Perfect Storm:

- Wisconsin's Medicaid nursing home reimbursement continues to be one of the worst in the country in terms of paying for the actual cost of care. A national accounting firm's 2020 study reported Wisconsin nursing homes had a median net operating margin of *negative 2.7% prior to the pandemic*.
- The federal Center for Disease Prevention and Control (CDC) has identified nursing home and assisted living residents as having the highest risk of dying from COVID-19.
- LTC facilities continue to experience substantial expenses for PPE, testing, supplies, and enhanced infection prevention measures.

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The Underfunding of Nursing Facility Resident Care

\$294,000,000+

Medicaid was underfunded by more than \$294 million in 2019-20.

\$74.53-\$78.55 per day loss

Average amount facilities lose for each Medicaid resident, each day, for providing their care.

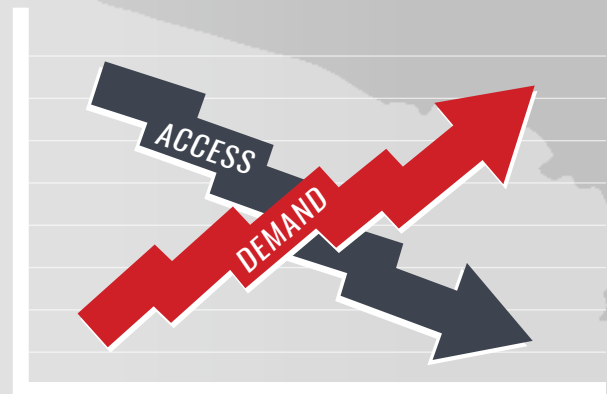


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Nursing Facilities
have closed
since 2016



The workforce crisis is intensifying
due to wage suppression brought on
by insufficient Medicaid rates.



Decreasing access to care is happening
while we have an **increasing demand**
due to changing age demographics



COVID-19 costs and
complications have exploded