

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.

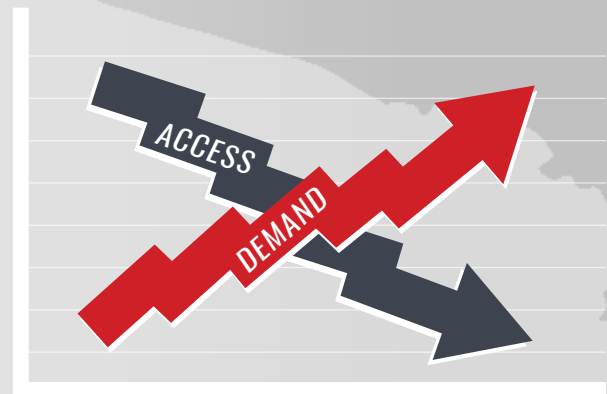


41

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

- In the 2019-2020 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, referred to as their Medicaid deficit, was estimated to be at least **\$294,000,000**, according to two association studies of 2019 Medicaid Cost Reports.
- All but one nursing facility in Wisconsin experienced a Medicaid loss; proving this is a systemic underfunding and not a facility-specific operational issue.
- To help combat the Medicaid underfunding, private pay residents are forced to pay more for the same care. On an annual basis, private pay residents pay \$37,000 more per year. This hidden tax on a private pay resident results in depletion of assets and lost homes.
- Wisconsin nursing facilities, on average, **lose between \$74.53 and \$78.55 per day** for each Medicaid resident they serve. This growing loss number is creating added pressure on the viability of nursing facilities.
- The proportion of Medicaid residents in nursing facilities is rising. With fewer residents to cost shift the Medicaid loss burden to, many nursing facilities have downsized their bed capacities, while other facilities have been forced to close as the only option. This has resulted in fewer nursing facility beds being available in Wisconsin, and fewer options for local employment, particularly detrimental in rural areas.
- **41 facilities have closed since 2016.** The Medicaid losses that facilities sustain are a significant contributing factor to these facility closures.
- The 85+ year old population demographic is set to increase by more than 110% from 2020 to 2040. These individuals most often access the critical care offered in nursing facilities. This demographic change will require more available nursing facility beds, not further reductions in access.
- These losses are in addition to the operational and financial stress that have been exacerbated by the COVID-19 pandemic.
- This underfunding, in addition to fueling the flame of decreased access to care, is also suppressing what nursing facilities can pay their workforce. With less funds available to pay staff, more health care heroes are leaving for other work. We need to retain these workers so this vital service can remain viable. Increased funding is imperative!

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